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THE LEAGUE'S BUSINESS

Conference Program Taking Shape.—One of the most interesting meetings the National Municipal League has ever held is expected to take place this year at the Biltmore Hotel in Providence, R. I., November 25 and 26. If you have not already done so, be sure to set the dates aside on your calendar.

From the standpoint of old members of the League, the conference will be a combination of old and new problems. Former Governor John G. Winant of New Hampshire, chairman of the Social Security Board, will be there to discuss the momentous problems involved in the organization and administration of the social security program. Since Providence and New England are particularly interested in the problems of reorganizing state government and city government to increase the efficiency with which they are operated, there will be considerable emphasis on these subjects. Governor Green of Rhode Island will be there to speak on the problem of reorganization in his own state and others prominent in this field will participate in this phase of the program.

Group sessions will be held on the subjects of unemployment relief administration, the problem of developing new sources of revenue for both local governments and states, the movement for tax limitation and the problem of public debt. At this latter session John Linen, second vice-president of the Chase National Bank, will preside. Lent D. Upson, director of the Detroit Bureau of Governmental Research, will discuss "The Effect of Federal Relief Policy on Municipal Debt" and Dr. Frederick L. Bird of Dun and Bradstreet will speak on "The Present Debt Burden and Debt Policies", among others.

On Monday night, November 25, at the annual Proportional Representation League dinner, Judge Samuel Seabury of New York will speak on the problem of making government representative. Tuesday afternoon there will be a session on "Better Government Personnel" with Leonard D. White, United States Civil Service Commissioner, and Luther Gulick, director of the Institute of Public Administration, speaking. Dr. Harold W. Dodds, president of the National Municipal League and president of Princeton University, whom Providence has been trying to get to speak for some time, has consented to speak at the annual banquet of the League, Tuesday night, November 26.

Reports from New England indicate a greater regional interest in the meeting of the League than has ever been the case before as early in the year as this.

* * *

Baldwin Prize Awarded.—The Baldwin Prize of one hundred dollars, presented each year by the National Municipal League, has this year been awarded to Miss Gladys Ogden, student at Bennington College, Bennington, Vermont. Miss Ogden's essay was entitled "The Present Status of the Town Meeting".

Second to fifth places, respectively, were awarded to Laurence L. Barber, Jr., of Harvard University, Louis W. Goodkind of Yale University, Lyman H. Cozad of Ohio University, and W. Donald Heisel of DePauw University. Honorable mention was accorded Virginia J. Canavan of Vassar, Frank M. Landers of the University of Michigan, Robert E. Pickup of Brown University, Luke M. Smith of the University of California at Los Angeles, and Benjamin C. Stanczyk of Wayne University.

Judges for the 1935 contest were Professor Edgar Dawson of Hunter College of the City of New York, Professor Rinehart J. Swenson of New York University, and Howard P. Jones, Secretary of the National Municipal League.

The Baldwin Prize, awarded annually since 1911, has been contributed by the late Mrs. George Burnham, Jr., of Philadelphia and is now being continued by her family. It is given in memory of William H. Baldwin who, previous to his death at the age of forty-one, had rendered a large public service.

* * *

You and Your Government.—Series XII of YOU AND YOUR GOVERNMENT programs, devoted to "Planning", is now being presented each Tuesday evening at 7.45 to 8 o'clock, eastern standard time, over a nationwide network of the National Broadcasting Company. Speakers and topics for coming broadcasts are as follows:

October 15—"The Best Use of the Land." M. L. Wilson, Assistant Secretary of Agriculture.

October 22— "The Economic Value of American Scenery." Horace M. Albright, former Director, National Park Service; Vice-President, American Planning and Civic Association.

October 29—"Head Waters and Other Little Waters." Morris Llewellyn Cooke, Administrator, Rural Electrification Administration.

November 5—"A National System of Transportation." Thomas H. MacDonald, Chief, United States Bureau of Public Roads.

November 12—"Who Owns Our Roads?" Harlean James, Executive Secretary, American Planning and Civic Association.

November 19—"Regional Planning—The T. V. A. an Example." Arthur E. Morgan, Chairman, Tennessee Valley Authority.

HOWARD P. JONES, *Secretary*

Editorial Comment

October

NATIONAL MUNICIPAL REVIEW

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Tax Limitation With a Vengeance

ONE of the interesting points in the discussion of the problem of tax limitation that seems to elude most casual inquirers into the subject is the fact that any given overall limit, such as two per cent, actually results in a limit much more drastic than two per cent in a substantial portion of the area involved. Since this further reduction is completely artificial and unrelated to the varying service requirements within the area affected by the limitation, it indicates the absurd length to which an arbitrary solution to a problem of this character may go.

Paradoxical to say the least is the statement that a two per cent limitation is not a two per cent limitation but the paradox is created by the necessities involved in the application of the limitation. To take an extremely simple case of overlapping governments, let us look at the typical county-town-school district combination that is common to many of our states.

The uniformity rule in taxation requires, of course, that every piece of property in a given taxing jurisdiction be taxed at the same rate. Yet if we have ten school districts in a town (or township) and ten towns in a county, the expenditure requirements of the school districts will vary considerably as will those of the towns. This means that the tax rate of the town must be regulated in accordance with the highest school district rate within it and the tax rate of the county must be adjusted in accordance with both the highest school district rate and the highest town rate in the county.

Thus if one school district in a town requires a rate of one per cent and another one-half of one per cent, and one town in the county requires a rate of three-fourths of one per cent and another one-fourth of one per cent, the county rate will be the difference between the total of the two highest rates and two per cent, or, in this instance, one-fourth of one per cent. Yet it may well be not only that the county needs more money than would be thus provided but that in the areas which have a low school district rate and a low town rate there may be as much or more need for county services as exists in the higher rate school districts and towns. With a county rate of one-fourth of one per cent, arbitrarily limited by the high rate areas of the smaller units of government, the two per cent limitation may actually result in forcing upon other areas a one per cent limitation or worse.

Since the county government, as the

largest unit of the three under consideration, is the unit most able to distribute the tax burden fairly, making the wealthier areas help the poorer areas, this phase of tax limitation results in a heavier sacrifice in the areas least able to make such sacrifice: quite the opposite of what is socially desirable.

The more units of government in a given area, of course, the more serious this problem becomes. In one section of Nassau County, New York, there are 21 different units of government levying taxes on the same piece of ground, not counting federal, state and county government. "Chaos" is the only word to describe the results of attempting to apply an overall tax limitation to such a situation. And this is not at all to justify the situation! It needs correction and needs it badly. But arbitrary tax limitation would simply result in making an already bad situation worse. The remedy lies in reorganization, elimination of overlapping governments and the establishment of adequate budgetary control to enable the taxpayer to determine what services he requires and how much he is willing to pay for them.

Waiting for Social Security

In connection with the inauguration of a social security program, not the least of the many serious questions that arise has to do with the social unrest and dissatisfaction that is likely to take place during the gap in time which is inevitable between the launching of the program and its helpful effect upon the population. There will be, that is, a definite interval between the time that a person starts contributing money to such a program and the time when he and his associates will begin to see some benefit to themselves. This has been the experience of other nations which have launched social security programs and it may be our experience as well.

It should be recognized, however, that in America life insurance and other forms of insurance have been developed under private enterprise to an extent not dreamed of in any other nation. Unemployment relief administrators, for example, report that by far the greater percentage of individuals on relief had insurance policies of some kind. It is probable the percentage is much higher among those not on relief. Consequently, we are accustomed to paying out sums of money over long periods of time in anticipation of benefits to be received.

This is not to minimize the seriousness of the problem involved but to indicate that the new social security administration, with carefully developed plans for widespread explanation and education, should be able to anticipate any difficulty of this character. In his own state, former Governor John G. Winant of New Hampshire, whom President Roosevelt has appointed to head the new Social Security Board, has done a splendid job, not only of administration but of public education in connection with the initiation of experiments in government in his own rock-ribbed state and the adoption of new techniques of administration. His experience there should be invaluable in piloting the government through the kind of shoals which may lie ahead.

Local Government Finance in the Depression

Tax delinquency responsible for curtailment of revenues—which in turn has necessitated reductions in services and salaries and even defaults on bonded debt

LENT D. UPSON

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THE financial effects of the depression upon local governments must be measured by economic standards—largely in terms of immediate revenues, expenditures, and debts. The more far-reaching results are imponderables which do not lend themselves to even approximate calculation. It would be a reckless prophet who would project tomorrow's financial burdens that will be imposed upon organized governments by today's private and public retrenchments: the future cost of present abbreviated or discontinued services, the results of accrued depreciation on public works, the welfare activities that will be necessary because of present under-nourishment and neglect, the police service required to cope with a generation of young persons many of whom have acquired neither general education nor knowledge of a trade but who have "seen the world" from gondola cars and "blind baggages", the general failure to make a stitch in time save nine.

The federal government has put many millions into poor relief that could not or would not be assumed by the state and local governments; even more millions have gone into "pump priming", a process of offsetting the drying up of private and other public expenditures. It is perhaps unfortunate that some of this cash could not have made it possible for local governments to maintain public services at something like the standards required for decent community living so that the future social consequences of economy might have been avoided. But it is easy to comment on the plans of a battle after it has been fought, and it is the purpose here to discuss the immediate effects of the depression upon the finances of local governments, not the social and financial consequences in the offing.

The first mandatory result of the depression was governmental economy. The extent of this "drying up" process can never be accurately known, since governmental reporting is of such a low order that reliable statistics cannot be made available. The only attempt at a complete enumeration of revenue receipts and governmental cost payments of the 167,000 tax-raising units of government in the United States is the Bureau of the Census' Financial Statistics of State and Local Government, 1932" ("Wealth, Public Debt and Taxation"). This enumeration is decennial and so cannot indicate the change in current financial position from the probable peak year of 1930. Moreover, more than half of the data included, including those from the largest states, relate to a fiscal year more or less coinciding with the calendar year 1931,

at which time governmental retrenchment was only beginning. This tax figure for what may be called the year 1931, was $6,357,000,000 in receipts from taxes plus $2,494,000,000 from miscellaneous sources, or a total of $8,851,000,000. These figures can only serve as a check on unofficial estimates for that year and deviate only $226,000,000 from the estimate of the National Industrial Conference Board.[1] If prior estimates were as close, then the collected taxes of state and local governments were at a peak of $6,800,000,000 in 1930 and declined to about $6,211,000,000 in 1932. This is not a serious shrinkage but there is a strong presumption that the decrease in revenue receipts was accelerated in 1933 and 1934.

These are meager general data for which there is no present remedy. They can only be supplemented by isolated examples of retrenchment that will indicate its general extent.

For the nineteen larger cities, J. L. Jacobs and Company concluded that in 1935 expenditures for ordinary municipal services were 20.4 per cent below those of 1931. Debt service had been reduced 3.1 per cent. There are indications discussed later that this reduction is a fairly consistent average for smaller municipalities and that the cost of operating local governments has decreased about one and a quarter billion dollars from its peak.

The obvious cause of the decline has been the firm reliance of local government for income upon ad valorem taxation. Sixty-five per cent of total revenue receipts of local government, exclusive of states, comes from taxes on general property. This is really an understatement since total receipts include special assessments, grants, earnings, and other similar items. If these items are eliminated, then real estate taxes account for 93 per cent of revenue receipts, something of an over-statement.

Because of shifting valuations it is difficult to determine precisely whether recent economies are the result of lower taxes or of unpaid taxes. It is probable, however, that there has been a slight increase in tax rates during the depression which has been more than offset by lower assessments, leading to the conclusion that reduced local expenditures have been due largely to tax delinquency. C. E. Rightor, in his analysis of the annual tabulation of tax rates for cities of over 30,000 population made by the Detroit Bureau of Governmental Research, notes that for 217 comparable cities in the United States that reported both in 1933 and 1934, average total rates had increased from $34.30 to $34.56, or 26 cents. This upward trend was contrary to that reported the year previous when a decrease of 85 cents was reported. This recent increase in rates was accompanied by an even larger percentage decrease in assessed valuations. This decline for the same 217 comparable cities was from $67,334,000,000 to $63,011,000,000, a shrinkage of $4,323,000,000, or 6.4 per cent.

These changes are not significant and force the conclusion that although assessed values have been reduced, the amount of taxes levied has held fairly steady throughout the depression. Reduced income with its concomitants of rigid economy and frequent default, has resulted from failure of property owners to pay the levies imposed. There are, however, instances in which local governments have made drastic reductions both in tax rates and assessed valuations, usually accompanied by equally drastic economies and a revision of the debt structure.

[1]National Conference *Bulletin*, Vol. VIII, No. 4, April 20, 1934.

TAX DELINQUENCY

The two available studies of tax delinquency are those made by the Bureau of the Census in 1934 on levies made in 1932-33, the delinquency ordinarily being taken as at December 31, 1933;[2] and that of Dun and Bradstreet for larger cities during the five years, 1930-34.[3]

The Census study covered part or all of the counties of each state and many cities and minor units of government. This study was sufficiently complete to permit an estimate that of a levy of $4,415,187,000 for 1932-33 there was a delinquency of $909,465,000, or 20 per cent. As might be expected, these delinquencies had a marked range. In the New England states with severe collection laws and a traditional attitude favorable to the payment of taxes there was a current delinquency of only 8 per cent. The highest rates of delinquency were found in the western agricultural states that had been affected by drouth and in the northwestern area which had suffered both an agricultural and industrial depression. In this latter area a maximum delinquency rate of 34 per cent was reached.

A significant feature was not the total delinquency of the year, but the growing trend of delinquency. Tax records seldom permit a determination of the amount of delinquency on the tax levy of a particular year at the end of each of a number of fiscal periods. However, in studying the returns from many thousands of taxing units, it was possible in a large number of instances, including cities, villages, and counties, to determine the levies for each of five prior years and the per cent of delinquency at the end of each of these years. These data permitted a comparison not only of current delinquency at the end of each taxpaying year but also of what was happening to the delinquencies as the years went on during which it might be assumed that normal penalties including tax sale might be applied. Consolidating these data into a single table, it was found that while only 6 per cent of the levy of 1928-29 was delinquent at the end of one year, the levy of 1932-33 showed a delinquency of 17 per cent, or roughly three times as much. It is equally significant to note that at the end of two years the levy of 1928-29 showed a delinquency of less than 3 per cent, while the levy of 1931-32 showed a delinquency of 8 per cent after the elapse of the same period.

Dr. Frederick L. Bird's study of the five-year trend in tax delinquency from 1930 to 1934 inclusive, in cities of over 50,000 population, indicates this same rapid growth in non-payment of taxes during the depression period. For these cities the median is in excess of 25 per cent in the peak year of 1935, rising from what may be called a normal 10 per cent in 1930. The data for each of these cities in detail indicate, as do the census data, a wide variation in collection experience. A number of factors, doubtless, contribute to this variation, the principal one of which is no doubt the economic stability of the communities themselves. But scarcely less important is the attitude of the public toward its obligation to pay taxes as that attitude may be influenced by taxpaying habits, confidence in administrative officers, and particularly the legal pressure for the payment of taxes. It is a well established fact that those states having severe penalties are the ones in which taxes are paid, a fact supported by both the Bird and the Census studies.

[2]Lent D. Upson and Leo Day Woodworth, *Urban Tax Delinquency*, 2 vol. mimeo., Bureau of the Census, 1934.

[3]Frederick L. Bird, *The Five Year Trend in Tax Delinquency, 1930-34;* cities of over 50,000 population. New York, Dun & Bradstreet, 1935.

There has been a decided upward trend in collections during the year 1934. In most cities, 1933 marked the peak of non-payment. The trend of this improvement is confusing and indicates that a number of factors have influenced it—local improvement in business and employment, payment of taxes by the Home Owners Loan Corporation and banking institutions in the hands of receivers, pay-your-taxes campaigns initiated by local officials, and to some extent modification of the collection procedure.

LEGISLATION AFFECTING TAX COLLECTIONS

As a result of wholesale non-payment of taxes constituting in effect taxpayers' "strikes," there has been a wave of state legislation designed sometimes with the mutually antagonistic purposes of stimulating tax payments on one hand and of making it easy to avoid payment on the other.

The first effort of this legislation was to extend the period between the date when taxes were due and when penalties were imposed. Only seventeen states now require that taxes be paid within three months from the due date, which is six fewer states than in 1930. Three states allow more than thirteen months during which taxes may be paid, meaning that one levy becomes due and payable before the previous one finally assumes a penalty. These long periods of grace are political concessions that have obviously contributed to the financial difficulties of minor units of government controlled exclusively by state law.

On the other hand, there has been a decided trend toward semi-annual or quarterly payment of taxes in an effort to stimulate collection. Prior to 1930, twenty-seven states provided for installment payments, fourteen have been added to the list during the depression, making a total of forty-one. In few instances has the accounting and billing procedure been developed to permit full use of the partial payment plan. But at last official opposition to such procedure has about ceased and it may be expected that in the years to come the methods will be greatly developed and improved.

The imposition of penalties has created the greatest difficulty. While endeavoring to stimulate collections by partial payments and even permitting local governments to go into the savings bank business as a means of accumulating taxpayers' cash that it may be available for payment, states have been constantly lowering the penalties which constitute the one sure method of insuring payment. Some of these penalties have been outrageous and should have been lowered. But when a citizen can borrow money from his government at no greater rate of interest than from his bank, it may be expected that he will do no bank borrowing to keep himself out of debt to his government. In the past three years thirty-one states have reduced the penalty rate.

Similarly, there has been a tendency to defer or entirely to omit the tax sale. Ordinarily, in important communities tax-title buying has been in the hands of professional buyers interested in securing a quick turnover of investments and by no means desiring to get into the real estate business through the actual acquisition of properties. The bank crisis so reduced the quantity of funds available for these operations and the deflation of real estate values so decreased the security offered that tax-title buyers have ceased to operate on any large scale. Thus, cities and other governmental units have been denied the cash by which they ordinarily met the gap between tax levy and tax collection.

Also, the failure to sell delinquent

properties to title buyers has removed a principal incentive to the delinquent property owners to pay taxes after the sale has been consummated. When not sold to private individuals tax liens on delinquent properties are ordinarily purchased by the local governments concerned and politics prevent any genuine enforcement of the liens. In fact, there is much confusion as to actual responsibility for the ownership of such liens as among units of government levying overlapping taxes. Thus, the redemption period although it may be designated by law becomes so indefinite as to exercise no real effect on the eventual payment of taxes.

Pressure on taxpayers has been further lessened by legislation permitting the amortization of delinquent taxes over a period of anywhere from three to ten years provided the delinquent taxpayer will make a payment in earnest. Prior to 1914, only three states permitted this method of paying delinquent taxes. By 1933, twenty-three states did so. On the whole, it is fair to say that this legislation has had a beneficial effect on collections and has reinstated a large quantity of property in good standing. However, such legislation has the inherent danger of lessening the pressure on the collection of current taxes since taxpayers are led to believe that if there is a sufficient amount of delinquency remedial legislation will be enacted. A number of states have attempted to forgive or reduce delinquent taxes but usually such legislation has been defeated, and in one state (Minnesota), declared unconstitutional. Arkansas, however, succeeded in enacting a measure accepting one levy as payment for three levies.

REDUCTION IN MUNICIPAL SERVICES

The first effect of curtailment of public income has been a reduction in municipal services, reduction in salaries, placing of services on the short week basis, and other expedients designed to keep costs within income. It is impossible to get a complete picture of the reduction of important municipal services. We do know that such non-political activities as education have been severely curtailed. In fact, the FERA in 1933-34 extended aid to rural schools in thirty-three states, at a cost of $14,583,659, and in 1935, to twenty-one states at an approximate cost of about $9,000,000.

With respect to salaries, a tabulation is available of the extent of reduction in salaries and wages made in cities of over 30,000 population.[4] From this tabulation it appears that Baltimore was the only city of over 500,000 population that came through the depression without reducing the pay of employees anywhere from 5 per cent to 30 per cent. Not a single city in the group between 200,000 and 500,000 population escaped these cuts and only a scattering of smaller cities were so fortunate. Out of 310 cities of over 30,000 population, 252 reported salary cuts. Fourteen did not reduce salaries after 1930. One hundred and ten of the 238 cities that did cut salaries have not restored salaries in whole or in part. In addition, many employees were paid (wholly or partially) in scrip or warrants, which they may be a long time in cashing or must cash at a discount. Rural school teachers were particularly affected by this practice.

DEFAULT ON FUNDED DEBT

It is curious that communities in financial distress choose to default to employees in the payment of salaries before defaulting to bondholders in the payment of debt service. It is a favorable commentary on respect for obligations that those governments that did

[4] *Municipal Year Book, 1935,* International City Managers' Association, pp. 204 *et seq.*

default have with few exceptions made reasonable efforts to meet the requirements of their creditors.

It is difficult to say exactly what constitutes a default. There are approximately 167,000 units of government in the United States that have authority to levy taxes and/or incur debt. Within these units a default may involve unpaid bills, unmet pay rolls, issuance of scrip, warrants or notes, non-payment of special assessment bonds that are liens against specific properties, and non-payment of general obligation debt of several specific types. A unit of government may be in default on one type of debt and not the other; it may be in default on interest and not on principal; or a renewal of debt agreements, particularly of the short-time variety, may be made by creditors in order to prevent actual default. Defaults on bonded indebtedness or on the notes of important governmental agencies are of course known, but failure to meet obligations by insignificant school districts or special purpose districts may never reach the printed page. Also, the situation is constantly changing due to refunding or other adjustments with creditors.

On March 1, 1935, the *Bond Buyer* had official or unofficial reports covering 3,067 defaults located in forty states. The New England states were free of defaults except for one town in Maine. Other states that had no default records were Delaware, Maryland, and West Virginia. The state with the heaviest record of default was Florida, followed at a respectable distance by North Carolina, Louisiana, Michigan, Arkansas, Ohio, Texas, Illinois, California, and New Jersey, in the order named. The defaults in the remaining states were relatively few. A number of states have had an insignificant number of defaults and should scarcely be included in this list, notably Georgia, Montana, Nevada, New York, Virginia, Wisconsin, and Wyoming. In all, one state (Arkansas), 359 out of 3,057 counties, 870 out of 16,389 towns, and 769 out of 125,627 school districts were involved.

One is impressed by the limited number of defaults and the fact that the funds involved were probably less than 5 per cent of the total obligations outstanding. Only two first class cities were involved, Detroit and Cleveland, and in all out of 310 cities of over 30,000 population, defaults are on record for only twenty-nine, with solutions in sight for most of them.

At one time it was thought that federal bankruptcy legislation was essential to enable cities and other local governments to make adjustments with their creditors. Accordingly, after acrimonious controversy, the so-called Sumner-Wilcox Act was passed by Congress. By it, with the consent of a state legislature, a federal court may enforce a compromise agreement that has been approved by a defaulted unit and 80 per cent of its creditors. A number of states have authorized the use of this act, but possibly because it stands a constant threat to recalcitrant bondholders, it has been used in few instances.

While in some instances there have been compromises as to the amount of the debt, ordinarily the capital structure has been maintained intact with an extension of the period over which the debt must be paid, thus reducing annual debt charges, and sometimes there has been an adjustment in interest rates. Whether these refundings will be permanent or are merely adjustments preliminary to an eventual scaling down of interest rates, only the future can decide. In most instances the extension of these debts must result in the payment of greatly increased sums for interest charges. For exam-

ple, the Detroit refunding involves $300,000,000. The exact amount of additional payments on account of interest cannot be calculated, but the nearest approach to it is an under-statement of $124,000,000. Also, these refundings have leveled off debt service based on an estimated capacity to pay and as a result these cities may be estopped for many years from issuing new debt with which to pay for the replacement of present improvements and necessary new improvements. Fortunately, these refunded bonds are frequently "callable" and cities are already recalling their refunded issues and replacing them with bonds bearing interest at existing low rates. By this process otherwise excessive interest payments on refunded bonds can be at least in part avoided.

Adjustment of debts has frequently been accompanied by marked decline in assessed values by which the debt must be supported. The total assessed value of the country at its peak (which may not have been the same year for each state) was $176,157,141,000. The total assessment upon which levies were made for 1933-34 was $144,153,766,000, a decline of $32,000,000,000, or 18 per cent. This decrease has not been uniform. In the eight states that have incurred the greatest number of defaults, the decrease in assessments from peak has been by the following percentages: Arkansas, 28.2 per cent; Florida, 18.9 per cent; Illinois, 33.8 per cent; Louisiana, 18.9 per cent; Michigan, 28.0 per cent; Ohio, 11.8 per cent; North Carolina, 33.8 per cent; and Texas, 26.1 per cent.

THE ATTACK ON REAL ESTATE TAXATION

It should be noted that in spite of tax delinquency averaging 20 per cent for the nation, real property taxation still remains the foundation of local support. This shrinkage in return is much less than has taken place in income taxes or consumption taxes except those on gasoline.

Recently, however, there has been vigorous protest against so large a support of local government by real estate taxation. This protest is evidenced by attempts to limit tax rates by constitutional amendment or statutory enactment, homestead exemptions, appraisal of property for purposes of taxation on an income basis, and support of education and relief by federal and state subsidies. These innovations doubtless originate in the collapse of real estate values in recent years. When such values were steadily increasing, it was of small consequence to property owners whether or not real estate income could pay increasing taxes. The profits from real estate ownership resulted largely from the capitalization of unearned increment and not from actual current income. If the public reclaimed by taxation only a modest fraction of this socially created value, there was little complaint. But even before the depression this whole process was reversed. Real estate values reached a peak and then entered into a long decline. Capital values were continuously destroyed and income lessened. Taxes were no longer paid out of actual or anticipated profits but were added to current expenses or even losses. Under these circumstances the movement to curtail real estate taxes and to engage in taxpayers' "strikes" can be easily understood.

The result of this propaganda has been a definite move toward over-all limitations on the rate of real property taxes. It is the exceptional state that does not already provide limitations of some type on local levies, but ordinarily these are not sufficiently drastic to interfere with the reasonable conduct of government. Ohio was the first state to experiment with drastic tax limitation legislation, the so-called

Smith 1 per cent law, enacted in 1910. This legislation undoubtedly resulted in lower taxes in Ohio cities, but so restricted their services that numerous exemptions were made and the legislation finally broke down of its own weight. However, it was in Ohio again where the full force of the propaganda for tax limitation had its effect. A recent constitutional amendment limited property taxes to 1 per cent plus additional levies for debt service on debt already incurred. The loss in revenue to the municipalities and school districts has been estimated at $140,000,000 and immediately necessitated the enactment of a 3 per cent retail sales tax to make good all or part of this deficiency. Similarly, a constitutional amendment providing 1½ per cent limitation was approved in Michigan with the exception that home rule cities were exempted from its provisions unless a limitation approved by vote of the people. The amendment was thrown together loosely and has been and will be subject to judicial interpretation. So far it has resulted in a diversion of some twenty odd million dollars of sales tax money for local school purposes, and an unbalanced state budget.

More appealing legislation is that providing for homestead exemptions. For many years Minnesota has utilized varied methods of valuation for different types of property, providing favorable treatment for homesteads. Lately nearly every state legislature has had to consider proposals to give complete exemption for properties occupied by their owners up to a given sum of money or a given number of acres. In Louisiana the limitation is an assessed value of $1,000 or forty acres of land. Florida's constitutional amendment is more sweeping, and provides a limitation of $5,000. Since the ratio of assessed to true value in Florida is said to range anywhere from 15 per cent to 50 per cent, this $5,000 exemption will remove a considerable amount of property from the tax rolls and work an unusual hardship on rural counties. It is estimated that the average loss of revenue will be over 25 per cent. An effort has been made to enact a sales tax and other taxes which will make possible an appropriation of twenty million dollars for school purposes as a partial compensation.

The proposal to assess property on the basis of income has made little legislative headway. Statutes ordinarily provide that real estate shall be assessed at a fair or true cash value which is the price received at a sale at which the owner is neither compelled to sell nor the purchaser to buy. In arriving at this value, conscientious assessors make some effort to follow a prescribed assessment procedure, ordinarily taking into account the income-producing possibilities of the property and the cost of replacing in present condition. However, a sharp decline in rents, particularly on apartment houses and office buildings, and the heavy private debt charges that all too frequently burden these buildings, have furthered consideration of the so-called English system of taxation of real property on an income basis. The arguments are plausible if one makes no effort to understand the difficulties of applying such a system to American conditions. It is interesting to note that while the United States and Canada copy liberally from English procedure in many phases of our governments, neither country has attempted the English system of assessing real property taxes.[5]

The attack on real property taxation combined with the decline in receipts

[5]For a brief summary of the English system see Rosina K. Mohaupt and Alger W. Lenz, *The English System for the Taxation of Real Property on an Income Basis*, prepared and published under the direction of the Detroit Bureau of Governmental Research.

has also inspired a definite movement for state and federal subsidies to local government. The educational forces have made a frontal attack on Congress for the enactment of subsidies for elementary and high schools. Numerous bills are introduced at each session, but so far the net result has been the granting of aid by the Federal Emergency Relief Administration to rural schools—ostensibly for the purpose of keeping teachers employed who would otherwise be eligible for direct relief.

If there is any lesson to be learned from this experiment, it is the innate difficulty of granting federal subsidies on the basis of need rather than in accordance with some matching or other predetermined mathematical procedure. Need implies the application of maximum effort on the part of local government and the determination of whether such an effort has been made implies omniscience on the part of the federal authority that does it. To avoid further repetition of these difficulties, the Federal Emergency Relief Administration has conditioned so far as it might properly do so, the granting of such aid on the enactment of state legislation which would provide adequate support for schools in the future. Many states, even without this incentive, have increased their distributive or equalization funds and North and South Carolina have made provision for maintaining a minimum school term at state expense.

In summary, local governments during the depression have undergone a curtailment of revenues, largely on account of tax delinquency rather than the reduction of levies, which has made necessary reductions in services and salaries, payment in scrip or warrants, and in some instances defaults on bonded debt. This curtailment of revenues probably will be accentuated in the future by a new public indifference toward the non-payment of taxes and the evident breakdown of tax collecting machinery. It will also be accentuated by movements for the imposition of tax limitations and homestead exemptions. The result has been and will be further resort to the assumption of local services by the state governments and the granting of state and federal subsidies to meet the cost of others. This transition will involve difficult adjustments of administration.

Four County Charter Propoasls in Ohio

Cuyahoga, Hamilton, Lucas, and Mahoning Counties will vote November 5 on adoption of sweeping revisions in basic law

R. C. ATKINSON

The Ohio Institute

In its first crop of county charters Ohio is undertaking the most sweeping modernization of county government yet attempted. Charters are being submitted at the November election in four large urban counties—Cuyahoga, Hamilton, Lucas, and Mahoning—containing the cities of Cleveland, Cincinnati, Toledo, and Youngstown, respectively, and comprising about 35 per cent of the population of the state. No less significant than the size of the counties concerned, however, is the completeness of the reorganizations proposed. Three of the four charters provide for the manager plan and effect almost the entire elimination of administrative offices from the county ballot. One of these three charters also applies proportional representation in the choice of the county council. On the other hand, the fourth charter, Mahoning, merely attempts a simplification of the present set-up with some improvements in procedures and the distribution of powers.

Though three of the four counties have metropolitan problems of considerable importance and the fourth has actively discussed outright city-county consolidation, none of the proposed charters makes use of the authority, granted by the county home rule provisions of the Ohio constitution, to transfer municipal functions to the county. This does not signify a lack of interest in metropolitan reorganization, but rather a conviction that any attempt to combine it with the reconstruction of county government would jeopardize the adoption of the charter because of suburban and rural opposition and the extraordinary majorities required for approval if such changes are provided. Without incurring this risk, however, three of the charters take advantage of recent legislation to make local health administration a county function and lay the basis for a county welfare unit.

Viewed in the light of the existing system of county government, the Cuyahoga, Hamilton, and Lucas County charters represent a sharp break with the past. County government in Ohio, as in most states, is a headless hodgepodge of elective and appointive offices, boards, and commissions with numerous instances of overlapping services and conflicting powers. Administrative authority is divided among the board of county commissioners, eight elective administrative officers, two judges, and a number of appointive officers and bodies. While the board of county commissioners possesses extensive powers, it lacks control over the major administrative personnel and must commonly deal with other elective officers as political equals rather than as administrative agents.

The work of county government falls

almost entirely within the scope of five major functions: finance, public works, welfare, law enforcement, and recording, but its conduct is scattered among from fifteen to twenty separate agencies. Financial administration is divided between two elective offices and recording among three. The larger counties have two engineering departments, one for highways and the other for sewer and water projects. The responsibility for law enforcement is split, as in other states, among the prosecutor, the sheriff, and the coroner. The worst example, however, is welfare administration, which is scattered among at least seven different agencies in an average county.

CUYAHOGA COUNTY

The most comprehensive charter and the one whose preparation evoked the greatest popular interest is that of Cuyahoga County. Meetings of the charter commission, held twice a week throughout the greater part of the year, attracted considerable audiences and received liberal attention from the press. Interest was intensified by the combination of a few colorful personalities among the members of the commission and a sharp conflict as to the scope of the county charter.

For several months the dominant issue before the commission was not county reorganization but governmental reconstruction of metropolitan Cleveland. Cuyahoga County, which is practically synonymous with Greater Cleveland, includes some fifty-five cities and villages and six townships, several of which have been reduced to mere slivers of territory by the incorporation of suburban communities. This condition has been a source of many problems. Important thoroughfare improvements have in some cases been seriously delayed and trunk sewer work impeded by conflicts among the municipalities involved. Endless confusion as to street car fares in the metropolitan area has been a constant reminder of the need of unified public utility regulation, and the desirability of a single health and welfare agency for the entire county has been generally recognized. As a matter of fact, interest in metropolitan reorganization was a major consideration in the adoption of the county home rule amendment to the state constitution in so far as Cuyahoga County was concerned. It is not surprising, therefore, that the metropolitan problem occupied the center of the stage throughout much of the charter drafting period.

One faction of the commission, vigorously supported by the Citizens League, insisted that the county be constituted a municipal corporation, as permitted by the constitution, vested with all municipal powers not expressly reserved to the subdivisions by the charter. Under such a plan existing municipalities and townships would sink to the status of boroughs in a federal scheme of metropolitan government. The other faction, while recognizing the need of unified administration of several municipal services, questioned the wisdom of attempting it in the initial county charter. Whereas a charter dealing only with county government requires but a simple majority vote for adoption, a charter vesting municipal powers in the county must also receive a favorable majority in each of more than half the townships and municipalities of the county. In effect this gives a small minority of the county electorate located in outlying subdivisions an absolute veto on metropolitan reorganization proposals. In such communities the hostility of a few local officials might readily determine the fate of the charter. How serious the risk would be is indicated by the vote on the county home rule amendment to the constitution. Though the amendment carried Cuyahoga County

by a two to one majority, it, nevertheless, failed to receive a favorable vote in a majority of the subdivisions of the county. In the end the metropolitan issue was resolved in favor of confining the charter strictly to county reorganization and thus avoiding the necessity of securing special majorities for adoption. However, this does not preclude a later transfer of municipal functions to the county by charter amendment if the necessary majorities can be secured.

The Cuyahoga County charter provides for a county council of nine members to take the place of the old board of commissioners. Eight members are to be elected at large by proportional representation, the president being separately elected by preferential ballot. In spite of the criticism to which P. R. was subjected during the city manager period in Cleveland, it was almost unanimously accepted by the members of the charter commission. Underlying its adoption was the desire to insure fair representation for the suburban population and the fear that a few slum wards might hold the balance of power under the ordinary system of election at large. The council will be the policy-determining body of the county but will be divested of many of the routine administrative duties now performed by boards of county commissioners.

There is to be a chief executive officer, known as the county director, who will be appointed by the council for an indefinite tenure. He is empowered to appoint and remove the heads of departments and is vested with the usual powers and duties of a manager. Nearly all administrative activities are concentrated in six departments: law, finance, public works, records, health and welfare, and public safety. The prosecutor, who ceases to function as the legal counsel of the county, is to be appointed for an indefinite term by the president of council. The only other independent administrative officer is the controller who is chosen by the council. A county planning board and a civil service commission are also provided, the merit system being applied to all positions below the rank of department head.

HAMILTON COUNTY

The Hamilton County charter commission led a turbulent existence from the start. The Republican organization, which has persistently fought the good government forces in Cincinnati, placed a slate of charter commission candidates in the field against the ticket presented by the sponsors of the charter movement. The result was a charter commission consisting of nine members of the Citizens' ticket and six organization Republicans. The situation was soon complicated, however, by the resignation of two of the Citizens' group to accept judicial appointments, leaving a seven to six division. Efforts were made to compromise the differences between the two groups but without success. The Republicans would have nothing to do with nonpartisan nominations and elections or the manager plan, and the Citizens' group was unwilling to sacrifice its principles to such an extent. Finally, under the leadership of Charles P. Taft 2nd and Murray Seasongood, the Citizens' group drafted and voted through a charter to its liking. As the charter was approved by a vote of only seven to six, the Republicans proceeded to challenge it in the courts on the ground that a majority of the original membership of fifteen was necessary for submission of a charter. This issue has since been decided in favor of the charter and the Republicans are now vigorously opposing its adoption at the polls.

The Hamilton County charter deals only with county government, metro-

politan reorganization having been ruled out by the commission at the beginning. It provides for a board of five county commissioners, elected at large for four-year terms, part every other year. Though proportional representation has been used successfully in Cincinnati for a decade, the charter drafters were fearful as to their ability to secure its adoption in the county. Instead they selected nomination by petition and the nonpartisan ballot.

A county executive is established, who is appointed by the board of county commissioners and occupies the status of a county manager. He appoints and removes the principal administrative officers with two exceptions. The prosecuting attorney is elected by the people and the auditor, whose function is purely that of post-audit, is appointed by the board of county commissioners. The existing offices of sheriff, recorder, and clerk of courts are retained, but on an appointive basis and with some redistribution of duties. Other activities are combined in departments of finance, public works, health and hospitals, and welfare. Civil service is administered by a personnel commission appointed by the county commissioners and a personnel officer chosen by the county executive. Among the personnel provisions is a unique requirement that all federal, state, and local positions within the county be included in the county personnel classification to facilitate transfers among the various services. Provision is also made for county planning.

LUCAS COUNTY

The Lucas County charter commission consisted entirely of members elected from two representative slates presented by the citizens' committee backing the undertaking. Perhaps the most unique feature of the commission was the fact that it contained but one attorney, who fortunately was a leading member of the Toledo bar and gave generously of his time in the final revision of the charter draft. The commission elected a rural member as chairman and definitely set out to overcome the fears aroused in the rural portion of the county by the talk of city-county consolidation which in this county attended the campaign for the county home rule provision of the constitution. Indications are that the commission has succeeded well in gaining the confidence of the various elements of the county and that the charter will have little open opposition.

This charter also adopts the manager plan and without any camouflage as to the title. The manager is appointed by a board of five county commissioners chosen by nonpartisan primary and election. To allay the fears of the outlying districts the city of Toledo is limited to three of the five members. Seven departments are provided: finance, audits, health and hospitals, welfare, public works, law enforcement, and records and court service. All department heads are appointed by the manager except the director of audits and the director of law enforcement, who are chosen by the president of the board of county commissioners. The function of the director of audits is just what the name implies and that of the director of law enforcement is primarily prosecution. The department of law enforcement has the functions of a prosecuting attorney and the police and jail duties of a sheriff. The department of records and court service takes over the functions of the recorder, the clerk of courts, and the duties of the sheriff as an officer of the courts. Planning and civil service commissions are established and a commission of research and publicity, similar to that of the city of Toledo, is authorized.

MAHONING COUNTY

The Mahoning County charter differs entirely from those previously described. To minimize opposition the charter commission confined itself to perfecting the present arrangement and did not undertake a thorough modernization of the county government. Whether such caution is more likely to bring success than is a bold attempt at complete reorganization seems to the author, at least, somewhat questionable. However, the commission was firmly convinced as to the limitations under which it labored. The charter combines the offices of auditor and treasurer and of recorder and clerk of courts, substitutes a medical examiner appointed by the prosecutor for the elective coroner, and centralizes welfare activities in a single department. It does not provide a chief executive officer, but it enlarges the authority of the board of county commissioners considerably and vests in it the appointment of several officers.

CONCLUSION

With the exception of Mahoning County, it is evident that the charter commissions have not compromised materially with the existing system, but have struck out to provide the most effective type of county organization as they viewed it. Each of the three complete reorganizations establishes an executive head of the manager type and largely transforms the board of county commissioners into a policy-determining body. Each provides for nonpartisan elections and an inclusive application of the merit system. Activities are departmentalized on a functional basis even where this means dismembering traditional offices. For example, all three charters split the civil and the criminal functions of the sheriff and combine the former with the duties of the clerk of courts. The coroner is replaced by a medical examiner in all cases. The Lucas County charter also adopts the innovation of a department of law enforcement combining the police duties of the sheriff with the function of prosecution under a single responsible head. In the judgment of the author this is a fundamentally sound arrangement and the one which offers the greatest hope of efficient administration. Though new in local government, it has a prototype in the federal department of justice and in a measure in some of the local police departments of Europe.

It would not be safe to predict the outcome of the referenda on the four county charters. In Hamilton County the hostility of the Republican organization insures a bitter struggle. In Cuyahoga County there is widespread demand for county reorganization, but much depends on the solidarity of the reform groups and the effectiveness with which the campaign is handled. In Lucas County the situation appears fairly hopeful for adoption and the same seems to be the case in Mahoning County. Success for these charter campaigns should mean much to the county reorganization movement not only in Ohio but in other states as well.

Personnel in the Public Service From the Administrator's Point of View

A well conceived merit system with adequate provision for retirement and pension is a necessity if the public administrator is to carry on effectively

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PERSONNEL in the public service, from the administrator's point of view, may be used either to build up a political machine or to perform a public service on a high level of competency.

The operation of the civil service machinery is sometimes thought to be the method by which the latter result may be obtained. This is not the case unless the civil service machinery is set up and operated upon a "merit system" basis, and unless the administrator himself is committed to high professional leadership and to the general proposition of a "career service" in government.

I have experienced personnel practice in the public health and public welfare service under various conditions: (1) Under a "spoils system"; (2) under a "reform" government with good personnel practice but with no security of tenure beyond the term of the appointing power; (3) under civil service practice and with high professional leadership on the part of my chief and with a continuity of service on a merit basis; (4) and I have observed at close range the disintegration of personnel and consequent loss of momentum in the public service over a long term of years as suffered under a political organization at great cost to the taxpayer; (5) in addition, I have experienced personnel practice in the public service both as an employee and an employer; and (6) in welfare institutions as well as in non-institutional public agencies.

I hope that this varied experience will give validity to my expressed opinions.

I started my career in the public service on this wise:

One bright Sunday morning, the telephone rang in the home of a general practitioner and a voice said: "Would you be interested to become the Chief of the State Child Health Division?"

The general practitioner replied: "Yes, I would be interested, but I am not trained in public health."

"Yes," said the voice, "I know that, but I have tried for a year to get a child health program started, without result, and I want some one to come and make the damn thing go! I believe you can do it."

The upshot was that the general practitioner, after some hesitation, accepted, with the understanding that she might select one assistant and one field representative, but would accept such subordinate employees as were available and do with them the best she could, with the result that within eighteen months, a network of three hundred child health stations were in operation, and an appreciable dent was being made upon infant mortality, this in spite of the fact that neither the chief nor the assistant were trained in public health.

Needless to say, had not the facilities

of the Federal Children's Bureau been available to chart the course for the newly developing Child Health Division, such progress would not have been possible.

Out of this episode develops the conclusion: (1) That it is desirable that there should be a guiding authority in the selection of personnel to insure that round pegs shall not be placed in square holes; in other words, that executive and organizing ability versus technical skills need to be differentiated in any selective process—for the ineffective year of effort to make a child health division function was due to the error of placing a highly trained technician in an administrative position for which her experience had not fitted her; (2) that training on the job is a possibility which should not be overlooked not only for the subordinates, but for the officers in the higher levels; (3) that an executive in any field will find himself seriously handicapped if he is without knowledge of sources of help which may be tapped in order to promote his job, and he will be equally handicapped if he is too proud to avail himself of those resources.

PERSONNEL WITHOUT MERIT SYSTEM

Throughout a period of eight years, I experienced the vicissitudes of the public service in Pennsylvania.

There was no provision in law for a classified service, nor for protection for the professional phases of government work (in other words, the "spoils system" was in operation) and yet the governors (one a regular Republican and the other a reformed Republican) relinquished the positions involved in the welfare department almost 100 per cent to the building up of a sound professional service, even though by so doing they lost some political support.

These years provided illustrations of various policies which ought to be found in any merit system of personnel practice, such as: (1) *Freedom from geographic or political restraints* in making professional personnel selection; (2) *flexibility in salary range* giving the administrator a chance to enter the competitive market for staff members; (3) *equitable adjustment as between technical and administrative* personnel to produce maximum results in service; (4) *facility in transfer and promotion* of personnel between and within government agencies without loss of momentum, due to a broad basic equipment of the personnel employed; (5) the *"career service"* in government was illustrated as a practical possibility with a consistent stepping up in responsibility and salary of personnel, based on performance.

All of this good practice enriched the quality of public service while at the same time reducing the cost to the taxpayer, for the volume and quality of work turned out by a qualified experienced staff was greatly in excess of that turned out by unqualified, inexperienced people.

The morale building possibilities of the merit system applied to government employees was illustrated by the experiment under a "reform" administration of a classified service, conducted for four years under executive order but not provided for in law.

All these things, illustrative of good personnel practice, happened under the spoils system; they emphasize that it is possible to build up quickly an efficient body of public employees, professional, technical, administrative, and of other grades, but the succeeding eight years demonstrates with equal clarity that such personnel structure is erected upon shifting sands which a change in state administration can wipe out with even greater swiftness.

DEVELOPMENT UNDER A MERIT SYSTEM

Now let us look at the influence of civil service upon the development of personnel in the public welfare field, and its influence upon the administrator.

A civil service law, unless accom-

panied by provisions for retirement of the superannuated and by a pension system, places an insurmountable handicap upon an administrator.

New Jersey has in common with Pennsylvania a system of retirement and pension, but in addition, New Jersey has a civil service system of personnel selection and administration which applies to all state departments and to all counties which elect to operate under its provisions.

What effect does this have upon the administrator in the building up of his personnel and his subsequent administration?

Civil service administration is itself hedged about by certain legal limitations, and by rules of procedure which have been established which seriously handicap its most effective functioning in the selection of personnel desired by the administrator, as, for example, preferential treatment under the law accorded to veterans, inability to specify age limitations, limitation as to residential requirements, etc. To these limitations the administrator must adjust, otherwise a psychological conflict arises between him and the civil service authority detrimental to public service.

Recognizing these limitations, let us consider first the *advantages* to the public service and to the administrator of a well administered civil service.

First: The existence of this personnel machinery compels the administrator to consider, and to commit to writing, his ideas as to the position he proposes to create (or to refill, for personnel specifications do not remain static, but develop and change from year to year), and the equipment which he considers necessary in the candidate covering personality, education, and experience. The civil service authorities usually accord the administrator this courtesy of preparing these preliminary specifications, which may or may not be accepted in full by the personnel authority. When such specifications are set up, the administrator is relieved of an enormous amount of political pressure in filling positions.

Second: To some degree the administrator is relieved of the arduous task of recruiting candidates to enter the examination; he does, however, do some recruiting because of the disinclination of many professional persons to seek out competitive examinations.

Third: The ultimate selection, appointment, and final confirmation of the appointee provides a sense of security for the employee and a stability to the public organization which is utterly lacking when civil service practice does not exist. The administrator can, therefore, look forward to a continuous development of his staff and his policies.

The elimination of "political jitters" on the part of the personnel at the time of each gubernatorial election is perhaps worth all it costs the administrator in personal inconvenience.

Fourth: The orderly method for promotion and transfer within the public service is, or can be made, a real contribution to the "career idea" in the public service.

So much for the advantages: what are the *handicaps* encountered by the administrator under the system?

First: His write-up of specifications as to job and qualifications are frequently suspected of being written around one individual (especially for the higher positions) and in the modification of his specifications, which the civil service authority has the legal right to make, the real essence of the administrator's desire for a particular type of employee is defeated.

The civil service "interpretation" of the "equivalent" in education and experience, which it is their right to make when the candidate's preparation is not precisely that outlined in the specifications, leaves the door open to very wide variations which more often than not let in the less qualified and place them on

the eligible list, with which, in New Jersey, the administrator must wrestle for two long years after the list is once established.

In addition, preference to veterans and absence of age limitation in the examination often create handicaps which needlessly complicate the selective process.

Second: The selective process covering oral and written examinations in relation to professional personnel in the social welfare field in many instances leaves much to be desired. The questions covering the written test and oral examination are often formulated and administered by persons who have not the breadth and depth of knowledge in social work to be able to explore adequately the capacity of the candidate, and to determine his strength and weakness. Occasionally the philosophy of the examiner is directly opposed to that of the administrator who is in search of personnel, and the candidate will be marked up or down in accordance with this conflicting philosophy.

In addition, the evaluation of the written test is not always in the hands of an examiner competent to determine the adequacy of the paper submitted.

All of these facts demonstrate the need of a panel of examiners coöperating with the civil service executive in the social work fields, of such breadth of education and judgment as to enable them to minimize for civil service (and the administrator) these handicaps inherent in any system of examination.

It should be noted that in appointing physicians to the public service in New Jersey, no civil service examination is held but the fact of medical diploma and license to practice, plus certain experience, is held sufficient. When the content of social work training and experience is formulated with the same clarity as in medicine, we may hope for similar practice.

Third: The salary range specified by civil service for certain professional positions in the field of public social work are frequently fixed by civil service at such a low level that it is impossible to compete successfully with the demand for such service. This is particularly true in the more recently developed categories, such as psychiatric social work, and the general disinclination on the part of professional workers to compete by examination for any position reduces the number of candidates of real competence almost to zero.

In addition to this, perhaps it should be stated that in the minds of some civil service authorities there still lingers the idea that a person interested to perform the altruistic services implied in social work, should be willing to do the work for a subsistence wage or less.

Fourth: The administrator is also handicapped in that having met his obligation by making a temporary appointment from among the three candidates with the highest average (as required by regulation) he must make up his mind within three months as to whether the employee is performing his duties satisfactorily and is otherwise proving to be well adapted to the job. If the administrator is not satisfied, the appointment may be terminated without preferring charges. After the three months' probationary period, charges must be preferred if the employee is to be removed, and he may have a formal hearing before the civil service board if he objects to removal.

Three months is too short a period in which to evaluate the capacity of an individual in relation to a job covering personality, health, and technical skill. One can sustain good behavior for three months with a little effort; six months would more nearly provide a real test, fair to employee and administrator alike.

Fifth: The hearings on charges preferred constitute another difficult hurdle for the administrator. Occasionally, members of his staff do commit crimes

or are guilty of ethical misconduct and the civil service authority sustains the administrator without question. More frequently, however, the employee, through personality maladjustment, health handicaps, stupidity or "pure cussedness", hampers the work to a degree destructive of morale throughout the organization, involving fellow employees and clients alike, and his removal in the interest of good public administration becomes imperative.

If the civil service hearing is set up on a basis of social justice, and not on a legalistic basis, the best interest of the public service will be served. Too often, however, the hearing becomes a battle of wits with the lawyer retained by the Civil Service Employees Protective Association, exhausting every legal device for retaining the job for the employee regardless of the best interest of the service, and with the administrator, the defendant at the "trial".

Sixth: Tied up with the problem noted above, as well as with that of superannuation, is another problem for the administrator; namely, how to prevent the accumulation of "dead wood" in the department, which in time becomes a "dead weight" upon all public functioning.

If the retirement system provides a compulsory retirement age as late as seventy years, the problem for the administrator is very acute; and if the retirement pension is very small, the problem becomes almost unsolvable, except upon a "case work" basis.

Perhaps the administrator of a public institution is more easily able to cope with the problem than is the administrator handling a field staff, for there are always subordinate positions in an institution where work within the capacity of the individual to perform can be provided without wrecking the service, or where shelter can be given without compensation, but even this is accompanied with difficulty and heart-ache for the individual who must be removed from the main stream of productive professional or maintenance work.

The only real solution lies in (1) a retirement system with a reasonably low age limit with provision for adjustment sufficiently flexible to provide for the inevitable exceptions; (2) for a pension system so conceived that retirement compensation shall be reasonably adequate; and (3) a case work attitude and technique on the part of the administrator in regard to each case.

Measuring these advantages and disadvantages under civil service as they affect the administrator and the advantages and disadvantages under the spoils system as contrasted with the merit system, I am convinced that if we really desire better government personnel and better public administration, we must commit ourselves without reservation to the merit system of personnel selection and administration.

CONCLUSIONS

Out of these sixteen years of variegated types of public personnel administration, I have arrived at some fairly definite conclusions:

First: That a well conceived civil service law in the hands of a competent professional executive insures to the administrator of a governmental department greater protection from political pressure and greater assurance of continuing opportunity to develop a program of professional service than does any other method of personnel selection and administration yet devised.

Second: That machinery established for personnel selection is of less importance than the persons who operate it.

Third: That the quality of personnel selected in executive and technical branches of the public service, while important, is of less importance in secur-

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A Plea For Research

The torch of the research bureau still needed to light the way to honest, efficient, and economical government

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ONE who sat in—for the first time in several years—at the annual meeting of the Governmental Research Association this August, must have wondered at the inclination to drift from the ancient moorings of the research bureaus, which was shown in some of the discussion.

In "Twenty Years of Municipal Research," a pamphlet published in October 1927 by the Governmental Research Conference, appears a quotation, which, being italicized, apparently was thought to express the spirit of the movement at that time:

"Municipal research is a method, not a panacea. It aims not to make over either the man in office or the men who vote, but to give men as they are better methods for working for the public as it is; better methods of watching and judging what their public servants do . . . Municipal research . . . can keep alive, between election times, interest in the reasons for good government and can provide non-partisan, non-political, continuous emphasis upon the requirements, methods, and results—as distinct from the personalities of public business."

The doctrine there set forth, that research bureaus had for their objective the informing of officials and the public on the facts of government, based on unbiased, scientific study, is the principle, one presumes, on which the bureaus were founded, and had operated up to that time.

It appeared from the keynote sounded in the opening address by the president of the association, this year, that the depression had generally affected the finances of the bureaus. Old subscribers had passed out of the picture; others had cut down their subscriptions; and the losses thus sustained had not been made good by any new group of supporters. In consequence some few bureaus had died, and those which were alive were operating with reduced personnel and consequent lessened effectiveness.

Among the suggested possible remedies for these financial ills were (1) the injection into the bureaus' activities of an element of militancy, thus to increase popular support by resultant publicity and the appeal to such of the public as are attracted by militant methods; and (2) alliance with other bodies, such as chambers of commerce, universities, or foundations, which, it was assumed, were in better financial condition.

In the discussions, too, the representative of one prominent bureau which had thus shifted its financial basis, declared that in the previous almost twenty years of its independent life it had "accomplished little or nothing". Knowing something of this particular bureau's past, one may regard the remark as hyperbolical, voicing the discouragement

which at times afflicts every idealist. It was a public official in the city in which that bureau operated that remarked, we will remember, that "it would pay any city to have such an alert group if it didn't do anything but sit on the city hall steps".

So much for the text for this plea for research.

The principle which has been followed in a nation-wide movement for nearly thirty years ought not to be discarded except for weighty reasons. The financial difficulties of the research bureaus do not prove that the movement has lost public confidence. The same difficulties are experienced by chambers of commerce, universities, churches, hospitals, and most other privately financed organizations. Nor are the militant taxpayers' associations as a rule any more prosperous. While the hopes for tax relief which they inspire among certain of the population will induce some new support it is rather well known that in communities where research bureaus are in existence, the "taxpayer" groups have not tapped new sources so much as they have drawn on those of the bureaus. The average contributor believes that they both may be "good things", and divides his support.

TAXPAYERS' GROUPS

We have no quarrel with those taxpayers' associations whose work is based on research either made within their own organization or obtained from research bureaus. They represent a body of informed citizenship which can be of great help in promoting efficient and economical government. Our objection is to those groups which seek, by whatever means, to control the action of public officials, and whose main concern is to shift taxes from their own shoulders, without much consideration of the effect on public service or regard for those who will have to carry the shifted load.

This kind of taxpayers' associations is made up, in the main, by those who pay taxes on real estate. They ignore the fact that those who pay other forms of taxes are also "taxpayers". The latter include those who rent from some of these same taxpayers, to whom is passed, in their monthly rentals, as much of the tax as can be charged. Besides these, a recent study showed that in 1933 the taxation levied on the people of New York State in direct taxes on real and personal property was only 52.6 per cent of the whole:

1933	*Millions*	*Per Cent*
Federal Internal Revenue	$ 376.3	—
Federal Customs	25.7	—
Total Federal	402.0	28.7
Real Estate, direct tax	729.2	52.1
Personal	7.4	0.5
Other State Taxes	260.7	18.7
Total	$1,399.3	100.0

We may also well question the right of this kind of "militancy" in any minority group of citizens, however well intentioned it is, or well founded its claims. The right of petition is ours by virtue of the constitution; the right to persuade a majority of the voters to change their public servants in a legal, orderly manner is unquestioned. But, living in a representative democracy, its government is in the hands of those whom the voters have elected as the laws provide. The claim of any group less than that of the people themselves to dictate to the elected officials their course of action, under threat or duress of any kind, is outside the constitution and the laws, and is nothing other than mob rule.

Taxpayer movements existed long before the research idea was born, and because they were found wanting, the research movement succeeded them. Is this not implied in the following taken

from the pamphlet already mentioned? It says:

"These men (of the Citizen's Union) after long search for the reasons why successive reform administrations had failed to accomplish permanent results, became convinced . . . . that under existing conditions . . . . such needed changes and improvements must be brought to the attention of public officials and aid given in their introduction by an impartial outside agency."

We can see no violation of research bureau principles in making an alliance with other bodies—universities and the like—provided independence and freedom of expression are assured to those carrying on the work of research. This is equally true of government-supported bureaus, as in Hartford and Toledo, for example. The danger lies, perhaps, in what the public may think of the connection as influencing the independence of the work.

RESEARCH AND GOOD GOVERNMENT

There is one fact that was not brought out in the discussion, which has a bearing on the subject. We cannot find that at any time in the past those who spoke authoritatively for the research movement believed or promised that it would bring about good government. It promised to point the way to good government which officials and the voters alike could follow, and it has kept its promise.

That its directions have not been followed—where they have not been—is due, at this time especially, to the upsetting of all previously accepted doctrines of efficiency and economy in the conduct of government. We are to spend ourselves out of the depression, is the new theory. To get out of his difficulties the citizen is willing to follow any leader, however weirdly unsound his plans may be. Under this influence officials, too, are adrift from the moorings of common sense and sound economics which once might have held them against the tide. That the worst elements in local governmental affairs have taken advantage of this universal condition is true in many localities.

The way out of conditions such as these has been shown by the course of events in Cincinnati: An organized, permanent, good government party, able to compete in party methods with the old political parties; a research body either inside or outside of the official sphere to insure continuously the best in administration at all times.

We cannot believe that in any community which has a research bureau there is not enough saving grace to provide the modest financial means for its work, if the bureaus will make the necessary effort in a business-like manner.

Never more than today was there need for holding up the informed ideals of government, honesty, efficiency, economy, for which the research bureaus stand. With whatever special problems each bureau must deal in its own locality, this work is needed, for the enlightening of the public and the fostering of that public opinion which in the end must prevail.

Unemployment Relief in State Budgets

Haphazard methods of financing emergency relief giving way to adequate provision for care of unemployed as state legislators realize permanence of relief problem

L. LÁSZLÓ ECKER-R. *Federal Emergency Relief Administration*

For several years the words "fiscal" and "crisis" have been inseparable in the jargon of economic commentators. "Tax delinquency," "budgetary deficiency," "municipal defaults," and similar despairing phrases have predominated on the pages of financial journals. Recent months, however, are witnessing a gradual improvement in state and local fiscal conditions. Nowhere is this wholesome reversal more readily apparent than in the records of unemployment relief financing. States and their political subdivisions are finding themselves better able to provide for their destitute. At the same time the haphazard and emergency practices of earlier depression years are giving way to more permanent and more defensible financing practices. Generalizations concerning state and local finances on the basis of relief financing experience must, however, be formulated with caution as long as unemployment relief remains a relatively minor item in state and local budgets.

During the past three years, and especially since May 1933, the cost of relieving the unemployed, embracing at times one-sixth of the country's population, has fallen in large part upon the federal government. Earlier, private charitable organizations carried a conspicuous proportion of the load. States and localities have generally succeeded in escaping the bulk of the burden, with the result that during the past five years unemployment relief expenditures, other than ordinary welfare outlays, have accounted for only 4 per cent of estimated state expenditures and an even smaller proportion of the disbursements of local governmental units.

It should be noted, furthermore, that in evaluating the net burden of unemployment relief to state and local governmental units, consideration must be given to two additional factors: first, that some of the relief expenditures, particularly those credited to local units of government, represented contributions in kind, i.e., materials and equipment which were already in the possession of city and county governments and therefore required no cash outlays on their part; and second, that in compensation for their expenditures, state and local governments received considerable value in projects conducted under the relief program, ranging from the construction of playgrounds to the repair and construction of roads and public buildings. Not infrequently the relief recipients performed functions ordinarily financed by state and local treasuries. However, to maintain that in the aggregate unemployment relief has represented a comparatively small state, city or county expenditure is not to deny that it has been a very significant budgetary problem in the case of some governmental units. In national averages, as might be expected, the substantial relief out-

lays of the more progressive states are to some extent canceled by the failure of others to make any contribution whatever. Thus, viewing the audits of 1934-35, it appears that unemployment relief consumed fully 7 per cent of all the revenues of the state government of New York, 11 per cent of those of Illinois, and 15 per cent of those of Pennsylvania.

At present, however, the division of responsibility between the federal, state and local governments is shifting. In view of the federal government's determination to return the liability for the care of unemployables to states and their political subdivisions, it is to be expected that relief will play a substantially larger role in the state budgets of the future than it has in those of the past. Doubtless in some instances, more specifically in those units which have already made sizeable contributions, the initiation of this policy may result in reduced demands upon state treasuries. But for all the states combined the reverse may be expected. Should financial conditions continue to improve, however, this should not represent a particularly serious burden.

THE FIVE-YEAR RECORD

Until comparatively recently, students of government have noted, and public officials have endorsed without probing, the doctrine that the responsibility for unemployment relief rests with local units of government. In consequence the record of state (as distinguished from city, town, and county) participation in the financing of emergency relief is a comparatively brief one, encompassing in its entirety only five years. Prior to the present depression some funds were in fact provided by state legislatures for relief, but such appropriations were generally intended to relieve temporary distress caused by floods, earthquakes, and other natural calamities, rather than to aid victims of industrial depressions. The persistence of state governments in leaving the support of the needy to their political subdivisions functioned acceptably as long as activities of private charitable organizations continued to expand and standards of relief were permitted to remain objectionably inadequate. When, however, after the beginning of the present decade, the resources of private charitable organizations, as well as those of local governments, began to dwindle in the face of a mounting unemployment problem, state governments were obliged to add relief to their current requirements. The assumption of partial responsibility for this governmental function on the part of states dates from the fiscal year 1930-31, when four states recorded the modest expenditure of $500,000. In the course of the next four years the number of states providing relief funds increased to forty-one, including those with only minor contributions. The total expenditure of all state governments during the period beginning July 1, 1930, and ending June 30, 1935, amounted to $533,000,000, the annual outlay reaching $222,000,000 during the last fiscal year.

The failure of some state governments to make significant contributions to the relief program during these five years need not necessarily be interpreted as a refusal of their citizens to bear their fair share of the burden. In some cases the inactivities of state governments in this field were counterbalanced by substantial activities of cities, towns, and counties. A conspicuous example is Nebraska, where in the face of no expenditure on the part of the state government, counties during the past two years recorded a combined emergency relief expenditure in excess of $4,500,000. Whether relief is a state or local responsibility depends in large part upon the idiosyncrasies of the particular fiscal structure. In some states, particularly in the New England area, welfare is

acknowledged to be a local liability, while in others its financing falls in part or in entirety upon state governments. Instances nevertheless are frequent, particularly among the southern states, where neither states nor their political subdivisions have accepted their equitable share of the relief burden. The explanation may lie either in financial inability or in other less defensible factors, such as a lack of public responsibility, the presence of political factions preventing legislative action, or the unwillingness of the people dominating the political scene to indorse the expenditure of public funds for the relief of the unemployed.

The extent to which state governments have assumed responsibility for unemployment relief has to some degree been associated with the type of the prevailing economy. During the past five years state contributions to the relief program were largest in relation to total requirements in the more industrialized states of the union. The fact that relative contributions were greatest in states whose economy was most severely affected by the depression would tend to give credence to the contention that non-fiscal considerations have played a significant role in determining the degree of state participation in relief financing. It is noteworthy, for instance, that the industrial area of the nation, consisting of the five middle Atlantic and the five east central states, accounted for 80.6 per cent of all state relief expenditures during the past five years, as contrasted with the eleven east south central and southeastern states, which accounted for only 1.4 per cent of the nation's total. In the case of individual state governments, this represented a per capita expenditure of $14.49 in New Jersey, $10.99 in Rhode Island, $9.77 in Illinois, $9.69 in Pennsylvania, and $9.48 in New York, in comparison with a $0.01 per capita expenditure in Alabama and no expenditures in Florida or Georgia.

METHODS OF FINANCING

One of the more interesting and at once most misrepresented features of the states' experience with emergency relief relates to the procedure employed in raising the required public funds. Much of the fiscal difficulty of state governments during the past few years has been attributed to the unemployment relief problem. It has been asserted that federal insistence upon state contribution has brought about an enormous increase in public debt; that it holds the explanation to the sales tax movement; that it necessitated diversion of large proportions of automotive revenues; and that it brought about the dissipation of the bulk of the liquor revenue. These assertions lose much of their force in light of the consideration that to date unemployment relief has played only a minor role in the budgets of the forty-eight state governments. But the fact remains indisputable that in affording assistance, however minor, some states resorted to unnecessary and undesirable financing procedure.

In evaluating the significance of methods employed for raising relief funds, allowance must of necessity be made for certain intangible factors. Foremost among these is the influence of prevailing fiscal practice. In some states borrowing for extraordinary governmental purposes, for instance, is an established financial operation. In such cases it is to be expected that when the pressing need for relief funds arises, the economist's aversions to borrowing for financing current requirements should carry little weight. Of additional moment is the fact that the insistence of the federal government upon state or local participation in financing relief has enabled public officials to encourage certain fiscal measures which they would

have been unwilling to advocate on their sole responsibility.

The approximately half billion dollars contributed by state governments to the emergency relief program during the present depression entailed the tapping of a wide variety of revenue sources. At the beginning of the period most relief funds were obtained by appropriations from general revenues and by diversions from those special funds which had accumulated balances. At that early date no thought had apparently been given to allocating the proceeds of specific taxes for relief purposes and only those states made contributions which had surpluses available in their regular operating funds. These sporadic sources, however, were rapidly exhausted, necessitating in later periods proportionately more frequent recourse to borrowing and special "taxes for relief".

The largest single source of relief revenue during the past five years has been long-term borrowing, which increased steadily both in relative and absolute importance and provided a total of $295,000,000 in thirteen states. The amounts obtained from this source rose from $13,000,000 in 1931-32 to $134,000,000 in 1934-35. More recently, however, its importance has declined and it promises to assume a relatively minor role in the future financing of emergency relief. In view of the severe constitutional limitations upon state borrowing powers, it was to be expected that the issuance of bonds for relief purposes should be fairly localized. Thus, fully 86 per cent of all state relief expenditures from bond issues were accounted for by six states: New York, Illinois, New Jersey, Ohio, California, and Pennsylvania. Since long-term credit operations are generally a minor factor in the financing of state governments, the substantial borrowings for emergency relief purposes loom disproportionately large in the present state debt structure. Approximately 11 per cent of the $2,700,000,000 estimated total debt of the state governments is accounted for by borrowing for relief purposes. The relative share of relief bonds in state indebtedness is particularly large in those governmental units which hitherto had had only minor recourse to this form of financing. The outstanding example is Texas, with a total state bonded indebtedness of $21,000,000, 94.5 per cent of which was incurred for relief purposes. In the case of the more habitual borrowers, however, relief indebtedness is of comparatively lesser importance. It accounts at present for 21 per cent of the state debt of New York, 27 per cent of the debt of New Jersey, 24 per cent of the debt of California, 22 per cent of the debt of Illinois, and 12 per cent of the debt of Pennsylvania. From the national point of view, more significant is the fact that after five years of severe unemployment, the relief borrowings of state governments, added to those of their political subdivisions, represent less than 3 per cent of the total public debt, exclusive of federal obligations.

Another major source of state emergency relief revenue and becoming increasingly important, is the sales tax, which was utilized for the first time by two states in 1932-33, but by 1934-35 had provided relief funds in twelve states, accounting that year for a total of $32,000,000. This, added to the $12,000,000 expended in 1932-33 and the $32,000,000 expended in 1933-34, raises the total amount of state relief funds supplied by sales taxes during the present depression to $76,000,000. Much has been said of the responsibility of unemployment relief for the wholesale introduction of sales taxes. That the rapidity of their enactment is unparalleled in American fiscal history is apparent to everyone. The writer, however, interprets the facts to imply, not that the sales tax is enacted because of

relief, but that this "unnecessary and backward step in taxation" is firmly establishing itself as a permanent state fiscal measure. This conclusion is in part prompted by the observation that only one-fifth of the total sales tax revenue which accrued to state governments in 1933-34 and only one-sixth of that accruing in 1934-35 was used for emergency relief purposes. Included in these calculations are general fund appropriations which would have remained dead letters had they not been subsequently vitalized by the enactment of sales taxes. It is significant also that in a number of states the enactment of sales taxes, instead of providing unemployment relief funds, afforded a means for the reduction or total elimination of ad valorem levies on property. No doubt, in some cases sales taxes provided the most readily available source of relief revenue, but it can be maintained with equal validity that in at least the same number of cases, alternative means for raising relief funds were available.

Among other sources of relief revenue should be mentioned highway funds, beer and liquor revenues, and such miscellaneous sources as race track licenses and taxes on corporations, utilities, inheritances, chain stores, gifts, and transfers of property. Highway funds have played a secondary role, yielding but $22,000,000 during the five-year period. Included in this amount are funds which were devoted to ordinary highway activities employing relief labor. In their entirety these represent but one-half of one per cent of all state receipts from motor fuel taxes and motor vehicle licenses; a small proportion, when considered in conjunction with the fact that work relief activities in recent years have gone a long way toward the maintenance and construction of roads and will thus reduce future demands upon highway funds. Similarly of minor significance were relief funds derived from beer and liquor revenues. In the immediate pre-repeal era it was generally expected that a substantial portion of this revenue would be devoted to unemployment relief. Although the disposition of this new income occurred simultaneously with the need for unemployment relief funds, only eight states made provisions to set aside even minor portions of it for unemployment relief purposes. Beer and liquor taxes as sources of state relief revenue made their first appearance in 1933-34 when they accounted for less than $2,000,000 and increased to $12,500,000 in 1934-35.

Income taxes present a further instructive feature of relief financing. Although during the past two or three years the number of state income taxes has markedly increased, in only two states have revenues from this source been employed directly for unemployment relief. In one case, Montana, the funds involved are of minor significance. The lone state of Wisconsin accounts for virtually all of the $8,000,000 raised by state governments for relief from this source during the past five years.

CONCLUSION

Viewing the accomplishments of the forty-five state legislatures which have already met in 1935, evidence is abundant that the experiences of the past five years have not been in vain. Realizing that relief will play an important role in the states' future responsibilities, legislators are making more adequate provisions for the unemployed. Their efforts to finance relief from general revenues with increasingly less dependence upon borrowing and miscellaneous sources is a welcome departure from the undesirable financing practices of the past. The reliance of some states upon sales taxes for substantial portions of their relief requirements unfortunately persists. Its elimination, however, must await the change of fiscal fashions rather than the dwindling of the states' relief responsibilities.

New York State Municipalities Solve Their Pension Problems

Comprehensive survey by Mayors' Conference helps place local police and fire pension funds on sound actuarial basis

ALBERT H. HALL

Director, Bureau of Training and Research, Conference of Mayors and Other Municipal Officials of the State of New York

IN THE municipal governments of the state policemen were the first to be covered by retirement provisions. The earliest pension law in New York City, which was passed in 1857, provided pensions for police. Although firemen are also in a spectacular and hazardous service, they were not covered in the City of New York until 1871.[1]

The early police and fire pension laws required no contributions from employees and operated without the accumulation of any reserves for the payment of benefits. The advisability of creating reserves for pensions or of making actuarial calculations of prospective costs was apparently not considered in formulating these early laws. The public did not look upon pension or retirement plans as efficiency measures, but regarded them largely as means by which the public treasury might be used to make charitable contributions to public employees. Naturally, therefore, there was no effort on the part of the public to start sound systems and no provision for the cost of pensions was made until the time when employees began to draw them. It was then too late for the retired employees to contribute toward their own pensions and as a consequence the government paid the entire cost. As the first few cases arose this course did not seem costly.

The pension funds were supported in many instances by miscellaneous revenues such as special taxes, license fees, and other moneys collected by the departments, which were paid directly to the funds. Seldom were direct contributions from either the public or the employees required. As long as the miscellaneous revenues exceeded the disbursements the natural tendency was to increase the benefits. The consequence was that the time came when the disbursements for benefits began to exceed the revenues.

At that time, in some instances, employees were required to contribute toward the support of the systems. The police of New York City began contributing in 1893 and by 1910 the majority of the pension funds required some contributions from employees.[1]

Frequently, when contributions were added, additional benefits were also added, and these benefits increased the cost to the systems far more than the assets were increased by the required contributions. The cause for the unwise course followed seemed to be the illusory character of the figures gained from comparing current disbursements with current receipts. The employees'

[1] *Sixth Report of the Commission on Pensions, State of New York,* Legislative Document (1933) No. 111, March 15, 1933, p. 23.

contributions provided immediate receipts from all active employees, while small immediate benefits had to be awarded only to the comparatively few employees surviving the smaller group of active employees who had served many years before. The heavy deferred liabilities created by the additional benefits were overlooked entirely.

Not only did the systems become more and more costly, but some of them reached points where their current receipts could not cover the current pension roll and no additional indirect revenues were available.

Under the provisions of Chapter 591 of the Laws of 1922 participation in the New York State Employees Retirement System was opened to cities and counties of the state. Under this law general employees of the city who were not participants in any local fund were permitted to join the state system after participation had been approved by the local legislative body. A similar privilege was given to firemen and policemen who were members of local funds and who wished to discontinue the local fund and participate in the state system. A year later the privilege of membership in the state retirement system was also extended to towns and villages and with the approval of local boards any members of existing local funds were able to join the state retirement system. Police of villages in Westchester and Nassau Counties were also permitted to establish local pension funds with the approval of the board of trustees under Chapter 95 of the Laws of 1923. Police of towns in Westchester County with a minimum assessed valuation of twenty-five million dollars were permitted to establish local pension funds with the approval of the town board under Chapter 791 of the Laws of 1928. In a few instances, local pension funds in villages had been provided by special charters or special statutes.

The acute condition of the local pension funds in many cities and villages became apparent as the economic depression gained momentum. The pension lists were growing larger as active members, facing salary cuts, began to press for retirement and miscellaneous revenues began to dry up under the force of economic stringency. All of the evils of unscientific pension programs began to appear to trouble the cities and villages as they struggled with increased expenditures and declining revenues. One large city in the state reported, for example, that its fire pension fund contained "assets" of twenty dollars with a large number of pensioners on the rolls.

STUDY OF LOCAL FUNDS

As the financial condition of the funds became more critical, there were increasing demands by local officials for advice and assistance from the Mayors Conference in solving the problem. Some communities desired information on how to proceed in rehabilitating their local funds while others sought data on the advantages of entering the New York State Employees Retirement System and the procedure and costs of such entrance.

The extent of the problem may best be indicated by pointing out that early in 1931, when such demands for assistance became heavy, there were thirty-four cities with local police pension funds, twenty-five cities with local fire pension funds, and fifteen villages with local police pension funds. Five cities had no local police pension funds, and ten cities had no local fire pension funds. Twenty-one cities in the state had entered their police in the New York State Employees Retirement System and twenty-five cities had placed

their firemen in that system. Twenty-two villages had placed their police in the New York State Employees Retirement System and eleven villages had pursued a similar course for their firemen.

In April 1931 representatives of the Mayors Conference conferred with Franklin B. Holmes, Secretary of the New York State Pension Commission and Executive Director of the New York State Employees Retirement System, in an attempt to work out a satisfactory solution of the problem. The Conference proposed to the State Pension Commission that every city and village police and fire pension fund in the state be studied actuarially and that the results of every local survey be embodied in a permanent printed report to be made available to the mayor of the municipality studied. The Conference proposed further that the New York State Pension Commission should make available the services of its actuary and the Conference itself should undertake the gathering of the data necessary for an actuarial survey of every local pension fund.

The coöperating agencies agreed on this procedure and the State Pension Commission made available the services of its actuary, George B. Buck, one of the outstanding actuarial authorities of the country. The Mayors Conference assigned the director of its Bureau of Training and Research to compile the necessary legal, financial, and personnel information. The new coöperative service was inaugurated with an actuarial survey of the police and fire pension funds of Watertown in May 1931.

From the inception of the service, the municipalities of the state coöperated wholeheartedly and showed a strong interest in and appreciation of the studies. All contacts and arrangements for these surveys were handled through the mayors of the various cities and villages.

PROCEDURE FOLLOWED IN STUDY

In making a study, it was necessary to obtain a large amount of detailed information and in some municipalities thousands of forms were employed. In the studies of the police and fire pension funds of the city of Buffalo, for example, more than three thousand forms, containing in excess of forty thousand separate items of information, were used.

The director of the Bureau of Training and Research of the Mayors Conference visited the municipality desiring a study and obtained basic field data on each local fund. In obtaining such field data, it first was necessary to compile general preliminary legal, administrative, and summary personnel and financial facts about each fund. A personnel history of every present employee of the department whose fund was being studied, separations from the service for any reason for a five-year period, and essential data on every pensioner were then obtained.

In the case of small local pension funds, all of this information was assembled during the initial visit. For the compiling of such data on large pension funds, it was necessary to enlist the coöperation and assistance of local officials in making the necessary facts available. In some instances the municipalities used relief workers for this statistical job. After all facts were obtained, the assembled material was sent to the actuary, who prepared a summary of the benefit and contribution provisions of each fund which was sent to a local official for approval.

It was necessary in some cases to make a number of visits to a municipality to obtain all of the information desired. Some of the older funds had on

their rolls aged pensioners for whom adequate records did not exist. Telephone calls and personal visits were sometimes needed to elicit the desired information about these individuals. Widow pensioners would sometimes complicate the procedure needlessly by refusing to disclose their ages. Other pensioners and employees, fearing some attempt to change their pension status unfavorably, would refuse to divulge any information about themselves until reassured by the mayor of the municipality that the study had no such purpose.

With the return of the approved summary of the benefit and contribution provisions, the actuary then proceeded with the drafting of the final report which was sent on completion to the Mayors Conference. The Conference then directed the copy to the mayor of the municipality studied with a letter calling attention to the highlights of the study.

SCOPE AND NUMBER OF STUDIES

The studies sent to each mayor were in printed and bound form constituting a permanent municipal record. A letter of transmittal signed by the Hon. John J. Merrill, Vice-Chairman of the New York State Pension Commission, was included ordinarily.

The studies contained normally complete data on the following phases of each local pension fund: Summary of the benefit and contribution provisions of the fund; membership of fund, active and retired; cost of benefits under present law; normal cost of benefits; percentage of salary required to provide pension benefits for average new members; rates of contribution expressed as percentages of salary necessary to provide the benefits for new entrants; cost of benefits to present members; valuation balance sheet showing liabilities of the fund and the contributions required to meet these liabilities; results of valuation; future requirements of fund; annual contributions required to support the fund; conclusions, including alternative solutions of problem; actuarial basis for cost figures, including distribution of number and annual salaries of members by age and years of service, distribution of number and annual pensions of pensioners by age.

Studies have been made of police pension funds in thirty-one cities, fire pension funds in twenty-two cities, police pension funds in fifteen villages, the police pension fund of one town, and the health department pension fund of one city. A total of seventy actuarial studies will have been sent to city and village mayors by December 31 of this year.

RESULTS OF STUDIES

None of the funds studied was found to be in a sound actuarial condition. In one municipality, a police pension fund had a larger income than it required, but in every other municipality revenues were not sufficient to meet the needs of the funds.

In practically every city and village studied, the surveys have been productive of very definite beneficial results. Some municipalities have placed their police and/or fire pension funds in the New York State Employees Retirement System; others have provided for the gradual elimination of existing unsound police and/or fire pension funds by closing such funds to all new entrants. In many communities the mayor has given the studies wide publicity and invited a full public discussion with a view either to place the systems on a sound actuarial basis by local action or to provide for their entrance into the New York State Employees Retirement System. Village officials, alarmed by the unsound condition of pension funds operated under the general village law,

have been stimulated by these studies to amend the law in the 1935 session of the legislature in order to make more rigid entrance requirements into the funds and also to increase from 2 to 3 per cent the rate of salary contribution by members. Several municipalities having no pension coverage for police or firemen have entered these groups in the New York State Employees Retirement System as a result of the studies in neighboring communities.

CONCLUSION

New York has again pioneered in a phase of municipal administration by being the first state in the union to survey the police and fire pension funds of its local governments in such a comprehensive manner. By this joint coöperative action of the state and its local governments, a basis has been established for the solution of the whole local pension problem. As has been pointed out, the municipalities have rapidly taken action on the studies and within the next five years it is predicted that practically every local pension fund will have been placed on a sound actuarial basis by local action or will have effected a solution of the problem by entering the State Retirement System, or by providing for the eventual extinction of local funds by barring all new entrants.

The beneficial effects of these studies will be permanent. The studies provide basic data on every local pension fund and arrangements have been concluded with the New York State Pension Commission by the Mayors Conference to bring any of these studies up to date when so requested by a municipality. The Mayors Conference will do the necessary field work and the same general procedure will be followed as in the original studies. This provides, in effect, a permanent system of authoritative actuarial consultation on local pension problems without cost to the municipalities.

PERSONNEL IN THE PUBLIC SERVICE

(Continued from Page 521)

ing results than is the quality of the administrator under whom they serve.

Fourth: That an administrator, to be most effective, needs to have arrived at his post of authority through climbing the ladder in the public service, in subordinate positions and thus to have experienced the impact of power from above, before exercising upon his subordinates the power conferred upon him.

Fifth: That an administrator cannot do justice to the work he is called upon to perform nor to the personnel under him, unless the law makes adequate provision for retirement and pension.

Sixth: That granting that even under a so-called "spoils" system good personnel can be built up swiftly into a working unit and that good results can be obtained, nevertheless its "expectation of life" is so uncertain and the tensions are so great under which its service is rendered, that the citizen and taxpayer who challenges the cost of public services should concentrate first upon the creation of the civil service merit system erected upon a non-political base.

Generations ago Pope wrote this couplet:

> For forms of government let fools contest
> Whate'er is best administered is best.

Had he lived until this day, I am sure he would have added a proviso to the effect that the best method by which to improve administration is to be found in the merit system of personnel selection and promotion.

Editor's Note: Address delivered before the National Conference of Social Work, June 11, 1935.

NEWS OF THE MONTH

NOTES AND EVENTS
Edited by H. M. Olmsted

Council-Manager News.— Two cities have been added to the growing list of those now operating under city manager government. On September 9 Eastport and Rumford, Maine, voted in favor of the plan. Saginaw, Michigan, will vote on the adoption of the plan October 14; Chillicothe, Ohio, on November 5. On the same day four counties also will vote on the adoption of manager government —Cuyahoga, Hamilton, and Lucas Counties in Ohio, and Monroe County, New York.[1]

In Nebraska the bill introduced into the state legislature making it possible for the city of Omaha to adopt the city manager plan by popular vote was defeated in committee. Petitions asking for a referendum on the subject are now being circulated, however, in the hope of bringing the matter to a vote in the near future. Petitions are also being circulated in Bayonne, Fort Lee, and Englewood, New Jersey, and in Ogden, Utah. A board of freeholders in Pomona, California, is drafting a manager charter for submission to the voters.

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Charter Candidate Passes New Rochelle Primary.—In one of the heaviest primary elections in the city's recent history, the Charter League of New Rochelle, New York, succeeded on September 17 in placing the name of one of its two candidates for city council on the November ballot, when two councilmen and a mayor will be elected for a four-year term.

The League endorsed two strong independents, both affiliated with the organization since its inception eight years ago, one a well known local club woman, the other a former member of the municipal civil service commission. The woman was nosed out of a place on the final ballot by only fifty-six votes, receiving some three hundred votes more than were received by the Charter candidate in 1933. The successful candidate ran a strong second in the four to pass the primary. The League took no official action in endorsing the candidates for the mayoralty, one of whom is a traditional organization man, the other an independent Democrat who will probably receive active support if not actual endorsement before November.

By a special local law passed in August, the use of voting machines in the city election was made possible. Two years ago, when paper ballots were used, returns were questioned by the League and after lengthy recount proceedings its candidate lost the nomination by ten votes. This year returns were secured immediately (the result was known within forty-five minutes of the time the polls officially closed) and a recount for the fourth position avoided. Machines have been used since 1916 in the general election; the local law was necessary to overcome provisions of the state election law prohibiting use of the machines at party primaries. Paper ballots were used for the party primary (party, county, and state offices) and voters seemed to suffer no inconvenience in moving from the booth to the machine.

W. S. S.

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Federal Bureau of Investigation Holds Police School.— Twenty-one police officers

[1]For further information on the county charter vote in Ohio see article by R. C. Atkinson on page 512 of this issue; for information on Monroe County, New York, see page 537.

from twenty-one different police departments attended a three months' training course at the United States Bureau of Investigation beginning July 29. This was the first class conducted by the Bureau's training school in its program to provide training facilities to police officials of other agencies throughout the country.

*

Civil Service for Florida and Michigan Cities.—On June 1, 1935, the Governor of Florida approved a bill passed by the state legislature creating, in each city having over 130,000 population, a civil service board of three non-paid members to be appointed for three-year overlapping terms by the city commission or other administrative board. The members of the board are to be selected on an occupational rather than a political basis. The act provides that "one member of the board shall be from the labor class, and one from the professional class, and one from the business class." Elected officers, board members, city attorneys, and experts are excepted from the provisions of the act. Under the act an appointing officer must select the individual highest on an appropriate re-employment register to be established by the board.

The Governor of Michigan recently approved a bill passed by the legislature permitting any municipality of the state to establish a civil service commission to have jurisdiction over positions in the municipal fire department. The provisions of the act are not to become effective in any municipality until such action is approved by a majority of the electors. The governing body of the city or village may, by resolution, submit the question to the electors at any regular or special election.

The provisions of the act are similar to those included in the model civil service law prepared by the International Association of Fire Fighters, but are permissive and not mandatory.

*

Social Science Research.—The Public Administration Committee of the Social Science Research Council, of which Louis Brownlow, director of Public Administration Clearing House, is chairman, announces the appointment of Charles S. Ascher as secretary to the Committee and of Joseph P. Harris as director of research.

The Committee is undertaking a double program over a term of years. Under Mr. Harris' charge it hopes to initiate some new types of research in the field, seeking particularly to capture and record new administrative developments while they are in process, and with the collaboration of the participants in the events. Where no existing agency is prepared to carry on such studies, the Committee expects to seek support for them under its own auspices. Headquarters will be at 850 East 58 Street, Chicago.

*

Revising State Constitutions.—A check made by the American Legislators' Association shows that no state, in 1935, revised its constitution except by amendment. At its 1935 session the Pennsylvania legislature passed a law authorizing submission of the question of holding a constitutional convention to the voters. On submission of the question at the primary election of September 17, however, the proposition was voted down by a large majority.

Although the legislature of Tennessee in regular session this year passed two bills, both originating in the senate, one providing for a general election on the holding of a constitutional convention and the other authorizing the election of delegates, both house and senate at the special session rescinded their former action.

A number of states have regular constitutional provisions for calling constitutional conventions, but these provisions have apparently been lightly held. Not one of the states that should have either held or provided for constitutional conventions in the past few years has heeded the constitutional provision.

*

Birmingham and Jefferson County Get Civil Service.—Governor Bibb Graves of Alabama recently approved a bill providing for the establishment of a civil service system covering positions in Jefferson County, Alabama, and in the cities of Birmingham and Bessemer (both located in Jefferson County). The bill was passed by the state legislature after a bitter fight. It provides for a citizens' advisory committee charged with the responsibility of naming three civil service commissioners who, in turn, will name a personnel director.

COUNTY AND TOWNSHIP GOVERNMENT

Edited by Paul W. Wager

New York—Monroe County Acts Under Buckley Law.—Monroe County is the first county in New York State to take advantage of the Buckley optional county government law passed at the 1935 session of the New York State legislature. Petitions have been secured signed by 10 per cent of the county's voters at the last gubernatorial election. The petitions insure submission of the question of adopting plan B under the law for a county manager to be appointed by the board of supervisors for a four-year term. January 1 is stated as the time when the new plan, if adopted, will take effect. Vote on the Buckley plan B was substituted for action on a charter prepared under the Fearon charter law. The charter, the first to be made under the law, was filed with the board of supervisors last December by a commission headed by former Supreme Court Justice Arthur E. Sutherland. Its main proposed structure was similar to that of the Buckley plan B except that it provided no term for the county manager. The supervisors took no action on the charter although the law was amended at the last legislative session to require enactment by the board before it was submitted to the people. Public criticism of the board, charging that the Democratic majority, which had sponsored reorganization and provided for appointment of the commission under the Fearon law, had abandoned the issue, led to circulation of the petitions. The Buckley plan was selected since the amended Fearon law's requirement of a ninety-day interval between enactment by the board and a vote would have required a special election following the general election. Members of the charter commission, which includes both Republicans and Democrats and is headed by a Republican, are urging a favorable vote on the Buckley plan, arguing that supplementary details added to the basic plan by the charter can be enacted by the supervisors as local laws if the Buckley plan is adopted. No organized opposition to adoption of the plan has developed. Coöperation of charter commission members and other citizens in suggesting local laws to supplement the Buckley plan has been asked by Democratic leaders.

H. W. Sanford

Rochester, N. Y.

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California—Three Counties Reject Home Rule Charters.—Three California counties recently considered and rejected proposed home rule charters. While the counties were similar in a number of significant aspects,[1] the proposed charters were of sufficient diversity to demonstrate a real hostility to charter reform as such. The charters were similar in one respect, in that each provided solutions for the two most pressing problems of rural county government: the administration and control of highways and of health and welfare activities.

The first charter to be acted upon was that of San Luis Obispo County. This charter provided for the direct election of all the more important county officers except the superintendent of schools, the engineer, and the secretary of health and welfare. Salaries were established, the highest being $3,000, and it was stipulated that any officer receiving $125 a month or more should devote his full working time to the county.

Health and welfare functions were to be placed under an independent board elected much as the supervisors are elected. A sort of associate membership in this board was to be given to one representative of the County Medical Society and one of the County Dental Society. The board was to exercise both policy determining and administrative functions.

The proposed charter struck at the inefficient system of road control common to too many California rural counties: the vesting of the administration of road building and repairs in the hands of the supervisors, each in charge of the road work in his own district.[2] All roads were to be consolidated into one

[1] Although there is a considerable variance in population (San Luis Obispo County, 29,613; Butte County, 34,093; Kern County, 82,570), in each case the rural population of the county amounted to between 60 and 65 per cent; and in each county there is one relatively large city.

[2] As may readily be seen, this function makes possible the building up of a strong political following by a none too scrupulous supervisor.

system under the supervision of the county engineer. This officer was given extensive powers, but no effective check was written into the charter to prevent the supervisors from interfering with his work.

The provisions above indicate a certain lack of confidence in the office-holders held by the freeholders. The fact that the charter called for the establishing of a civil service system (although one of doubtful constitutionality) is more indicative of this feeling than of a desire for efficient government. As further evidence of this, the charter proposed that no supervisor, member of the board of health and welfare, sheriff, or district attorney should hold office for more than two consecutive terms in any twelve-year period. Thus, a blow was aimed at a tradition, deep-seated in most rural California counties, of continuing in office for long periods of years satisfactory office-holders.

Not long after the people turned down this proposed charter in San Luis Obispo County, the electors of Kern County refused to approve a much more interesting proposal there. Here the effort was made to separate policy determination from the execution of policy. The supervisors were ordered to keep hands off the activities of the administrative officers under threat of removal for misconduct.

The charter proposed that the office of county manager should be established, a manager in whom should be vested extensive powers of administration. The Kern County freeholders who drew up the charter showed a fear characteristic of so many constituent bodies: namely, that that body itself is the only one that can really be trusted by the people. So the freeholders delegated to themselves the power (and a power of very questionable constitutionality) of appointing a commission for the selection of the first manager. They further provided that if this commission failed to make a selection in thirty days, then the freeholders themselves should so act. To whichever agency should select the first manager, was to be delegated the power of fixing his salary, within the established limits of forty-eight to seventy-two hundred dollars.

The manager so selected was to be given wide administrative powers. The elective officers were to be compelled to coöperate (not defined) with the manager, under threat of losing their offices. The manager was to control highways through an engineer of his appointment. He was to receive advisory budgetary powers. He was to have some control over public welfare, and was to serve as one member of the very important health commission. The supervisors were to have the power of establishing salaries of all officers, except where salaries were established by the charter. The charter contemplated that the supervisors should look to the manager for his advice in so doing. In the manager was to be vested the power of appointing all appointive officers, deputies, and employees, except where the charter specifically provided to the contrary.

The Butte County board of freeholders proposed the most unique charter of the three. This county has long been operating on a charter, and there was a considerable demand for revision. But the freeholders went too far. Their plan called for placing in the board of supervisors a vast amount of responsibility. The board was to be empowered to make any elective office appointive, and any appointive office elective. It was authorized to provide complete medical, dental, and hospital care, not simply for indigents, but for all residents of the county. It was given the power to establish any public service deemed necessary. It was also vested with wide powers of supervising most of the appointive and elective officers of the county, and given the power of establishing all salaries except its own.

In certain respects the powers the supervisors had exercised were to be curtailed. Roads were to be consolidated into one district and placed under the jurisdiction of the county engineer. All health, welfare, and relief activities were to be placed in the hands of an administrative officer responsible to a health, welfare, and relief board, the lay members of which were to be appointed by the supervisors for staggered terms of four years.

Other administrative activities were to be exercised by a sort of manager to be known as the executive secretary, appointed by and responsible to the supervisors. His salary was to be fixed by the supervisors, but could not be less than $3,000 a year. He was to be given considerable power of investigation and significant financial control over all agencies

of the county except schools. Much of the work of the supervisors was to be done on his recommendation. It was also made mandatory on him to prepare and publish an annual report on the government and activities of the county. The supervisors were to be prevented from interfering with the administration of his office on the pain of losing their positions.

Only half a dozen officers aside from the supervisors were left elective, and only one of these, the sheriff, held an office of much responsibility. The auditor and district attorney were to be appointive, except that an alternative provision was inserted, allowing the electorate to make the office of district attorney elective.

For the election of the county superintendent of schools, an educational qualifications board was to be established, composed of the composite membership of all the numerous local boards of education and school trustees. The county board of education was to be appointed by this qualifications board on the recommendation of the county superintendent.

As the freeholders provided for the appointment of the auditor and the possible appointment of the district attorney, they set up a novel form of check-up. The grand jury, an effective agency of independent action in the rural California county, was given the mandatory duty of conducting an annual investigation into all of the financial transactions of the county. It was to be empowered to employ such assistance as it needed and provide compensation therefor. The charges of this investigation were to take priority over all ordinary expenses of the county.

CHARLES AIKIN
University of California

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Wisconsin—Two Counties Vote to Form Power District.—By a vote of 3,227 to 1,097, much more than the required two-thirds, the electorate of Polk and Burnett Counties voted to establish an electric power district composed of these two governmental units. Of twenty-eight towns and villages voting, twenty-one approved creation of the district. The matter now goes before the Public Service Commission for hearings and approval. In case of approval a board of five will be named to begin acquisition of existing utility interests or development of a new power plant. The commission made a survey of the situation last June, reaching the decision that the projected district was feasible subject to certain conditions. These included the stipulations that outside financial aid be obtained to start the district, that the original debt be kept low, that interest rates on bonds be kept below 6 per cent, and that a genuine saving on the general expenses of the existing private utilities be shown.

This is the first example of a referendum upon power districts as provided under the law passed in 1931. To a certain degree it is significant as signalizing the entrance of the county unit into the field of proprietary functions, although actually a special district government is provided for, based on the territory occupied by the counties.

It is interesting to note that the voters of both counties are overwhelmingly adherents of the LaFollette Progressive movement.

LEE S. GREENE
University of Wisconsin

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Ohio—Cuyahoga County Cuts Costs of Governmental Accounting.—Detroit, Cincinnati, Newark, and Cuyahoga County (Cleveland), Ohio, have all made great strides forward in modernizing their accounting systems —and almost any modernization program calls for the introduction of mechanical aids. These four taxing centers each have their individual problems, although their basic problems are similar. In mechanizing their tax accounting procedure, these four offices adopted systems of surprising similarity. A brief description of the Cuyahoga County set-up will give a general idea of what these progressive tax offices have done.

The undersigned were engaged by County Auditor John A. Zangerle for the purpose of making an accounting survey in his office and to revise systems and methods.

In Cuyahoga records which had been typed year after year are now imprinted from Addressograph plates. In this county there are about 400,000 parcels of property and the legal descriptions of these are technical and complicated. It formerly took thirty typists three months to copy these tax records which are now produced in a few weeks from these metal plates by two operators. In typing, errors were always creeping into the records and these were carried for

years. Perfect duplication is assured with the Addressograph metal plate record.

There are approximately one million special assessment items every year and these were listed annually in 102 voluminous books. A 5 x 8 account card for each parcel under every special assessment improvement was introduced with provision for eighteen years assessments, if needed. This eliminated the necessity for writing these 102 large ledgers annually. Information on these cards was imprinted from the same Addressograph plates from which the tax roll is prepared.

Formerly, a duplicate copy of our tax roll served as an assessor's record, or valuation control, but another card record was designed to eliminate these books. A real estate control card was designed carrying all required information regarding each parcel in the county spaced to serve for twenty years. The reverse side of this card is an account of special assessments, and all charges to the tax roll, therefore, have their source on this card.

Simplification and economical methods have been effected in accounting routine as well as in the preparation of the duplicate. In this county, the treasurer collects the taxes but the auditor must analyze and distribute them. In analyzing collections in the past, the auditor borrowed the bill stubs from the treasurer. The analysis was made in longhand. This year a special auditor's stub was provided on the bill form, and the auditor's stubs turned over daily while tax collections were in progress. This made it possible for both offices to work simultaneously with no conflict. Dalton listing machines proved of great value in the analysis work and presented promptly a much neater record than the former hand-written analysis.

In determining the tax due, computing interest, cross-adding tax books, balancing one million special assessment accounts, distributing forty-five million dollars in the semi-annual tax settlements and in a number of other accounting calculations we use a staff of forty comptometer operators. Comptometers furnish speedy and accurate calculations and enable completion of an enormous job in a remarkably short time.

The vast extent of accounting operations in governmental accounting, embracing time-consuming manual methods, is a field in which mechanization is certain to result in better records and to effect great savings in cost, labor, and time.

We are completely sold on the use of accounting machinery in public offices and, for efficiency of operation, we believe the new Cuyahoga County system compares favorably with that of any commercial office.

Clark L. Simpson,
Certified Public Accountant
Charles B. Ryan,
Deputy Auditor
Cuyahoga County, Ohio

TAXATION AND GOVERNMENT
Edited by Wade S. Smith

Added Burdens for the Cities.—As this is written, two Washington announcements presage fiscal worries for American municipalities during the coming winter. Both have to do with the relief situation, one through public works, the other through federal care of transients.

President Roosevelt's decision to let the Works Progress Administration under Harry L. Hopkins spend the remaining $1,250,000,000 of the works relief fund to provide jobs until PWA projects swing into their peak employment period next spring left Secretary Harold Ickes and the PWA only $425,000,000 for public works. Congress had allocated $900,000,000.

This means that PWA projects have had their chances of approval virtually cut in half. The seriousness of the situation is further reflected in the fact that the cities and states are estimated to have spent around $10,000,000 for special elections to authorize bond issues, revise laws, and hold special legislative sessions to work out statutes which the President himself requested to expedite PWA operations.

On the basis of 45 per cent PWA grants to accompany 55 per cent local contributions, the $425,000,000 would permit projects costing about $1,000,000,000. PWA has applications on file for more than ten thousand projects, involving an expenditure of about $2,600,000,000. All new projects, it has been officially indicated, will be taken from this list, with special emphasis on those ready to go into the construction stage immediately.

Added to the existing confusion of allocation of projects, shifting deadlines for their

presentation, and the evident conflict between WPA and PWA policy, this latest curtailment of funds available for PWA seems to mean that cities may expect such further delay in work programs as to make them of questionable assistance in meeting the winter's relief needs. Certainly the immediate burden is to be thrown upon the local communities.

Further bad news for many cities is contained in the announcement that after midnight September 20 the doors of 595 lodges and camps maintained by the federal government in its transient relief program will be closed to future guests. The present schedule calls for discontinuance of city transient lodges in November, with transient camps in rural areas continued as work projects.

Up to date, transient relief is said to have cost the government about $70,000,000 since it was begun in 1933. As of August 15, the transient population consisted of 122,018 individuals, 123,248 members of 34,484 transient families, and 10,445 homeless individuals being cared for in the communities where they usually lived.

Indications are, therefore, that the transient population will face one of the toughest winters since the depression began—and the cities will be called upon for a contribution in the vicinity of $35,000,000 if they are to take over the program abandoned by the federal government. Of course, Washington hopes that the works program will be under way in time to absorb all the employables now cared for in the transient camps. (Only about 7 per cent of the total are estimated to be unemployable, and will be thrown either on the local communities whence they came, or into veterans' camps or similar institutions.) Nevertheless, many cities may expect to spend considerable sums in emergency appropriations as a result of this shifting of the transients onto the municipal relief rolls.

Taken together, these two developments point distinctly to a situation which has been widely heralded during the past year or so. Faced with the coming presidential election, rising criticism of the taxation resultant of the rehabilitation program, and increasing complexity of the public works plans, Washington is shouldering the burden onto the cities as rapidly as possible—more rapidly, perhaps, than they are able to assume it.

Budget-making will be, for the majority of American cities this fall, a difficult and uncertain process. With operating expenditures skinned about as close to the bone as is possible in many instances, debt maturities often at their peak, tax delinquencies reverting to higher percentages or at best merely holding their own in spite of heroic collection efforts, managers and finance officers face the almost impossible task of estimating the added burden which must be provided for because of the federal government's retreat. The past two years' "breathing spell" for local taxpayers, beginning to bear fruit in some sections, is to be cut short.

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Three-Point Tax Program for West Virginia.—At a recent meeting the executive board and legislative committee of the West Virginia League of Municipalities adopted the following legislative plan:

(1) That the League continue its incessant pressure for adoption of the principle of state-collected, locally-shared taxes to finance functions imposed by the state upon municipalities;

(2) That the League seek diligently a re-allocation of tax levies, within the (tax) limitation, between cities, schools, and counties on a basis of urban-rural population ratios;

(3) That emergency legislation be sought enabling cities to impose sufficient excise taxes to re-establish and maintain essential municipal services pending procurement of adequate revenues from sources (1) and (2).

West Virginia cities, it will be recalled, are operating under ham-stringing tax limitation laws which have necessitated widespread special referenda to permit levying taxes outside the limit. The legislative program of the League aims to stabilize the revenue condition of the cities in a continuing plan which, apparently, will permit a lessened dependence upon the property tax. Had such a plan been developed and enacted by the legislators rather than the tax limitation scheme, much distress for the state's communities might have been eliminated.

*

National Movement to Legalize Lotteries.—Carrying forward a spasmodic movement noted in these pages last spring, The National Conference for Legalizing Lotteries, Inc., has been formed to fight for legislation in the forty-eight states to permit lotteries

under supervision for the benefit of hospitals and other institutions.

Administrators believing in an orderly system of taxation to finance necessary community enterprises, as well as those looking askance at the lottery as a social menace, will take heart at the announcement of a spokesman of the Conference that the constitutions of forty of the states must be amended before the group's goal can be reached.

*

New Jersey Sales Tax Repudiated.— Overwhelming popular disapproval of the state's sales tax, said by the Retail Merchants Association of New Jersey to have caused a 9 per cent decline in business in the northern part of the state in August, was voiced by Jersey voters at the primary September 17 when the Reverend Lester H. Clee's "Clean Government" Republican ticket virtually swept the state on an anti-sales-tax program. As speaker of the assembly, Clee has been a constant embarrassment to Governor Hoffman during the past session of the legislature, and his victory at the polls is interpreted to mean a stringent economy program for the state and the probable disruption of the Governor's taxation program.

*

Liquor Taxes for the Current Year.— Close to $145,000,000 should be forthcoming in state revenues from the people's thirst this year. This figure is arrived at in a study of state liquor taxation just made for the American Legislators' Association. It represents the actual or estimated revenues of $92,230,000 in twenty-four of the thirty-two states licensing beer and liquor dispensaries, plus the total of $51,798,000 in ten of fourteen states operating liquor stores. This is an average of $1.71 per capita in states which license dealers and an average of $1.79 in states with self-operated liquor stores.

By individual states, the "expectations" from liquor taxes are highly variable, due to differences in tax rates and rates of consumption. New York State got $41,490,000 from excise and license taxes in 1934-35—a per capita revenue of $3.20. California anticipates an annual revenue of $3,300,000, or $0.54 from each of its inhabitants. Illinois, New Jersey and Wisconsin are other states in the group which anticipate revenues of $4,000,000 or more from liquor.

Among the states operating state liquor stores Ohio, with an expectation of annual revenue totaling $16,196,000, or $2.38 per capita, tops the list. Pennsylvania anticipates $15,000,000, or $1.53 per capita; Michigan, $7,579,000, which is $1.50 per capita.

Forty states now permit the sale of beer, wines and liquor. Six additional states license 3.2 beer but nothing more potent. The only state where it hasn't been possible legally to buy a drink since the first of the year is Alabama. Kansas does not recognize lifting of the prohibition-ban by licensing the sale of liquor, but the state supreme court has ruled that the intoxicating quality of a beverage can be determined only by whether or not it makes the drinker drunk—and this question must be judged in each individual case.

Since the first of the year 31 states have either made new liquor laws or revised existing statutes. Arkansas approved the sale and manufacture of wines. Tennessee raised the legal alcoholic content of beer from 3.2 to 5 per cent. West Virginia and Utah joined the states selling liquor in state stores. Ohio repealed her excess gross profits tax on alcoholic beverages and removed the $1 gallonage tax on liquor.

PROPORTIONAL REPRESENTATION

Edited by George H. Hallett, Jr.

Judge Seabury to Address Annual P. R. Dinner.— Judge Samuel Seabury, whose probe of graft and corruption in New York City's government led to the present Fusion administration and the creation of the present New York charter commission, has agreed to address the annual dinner of the Proportional Representation League this year. His topic will be "The Outlook for P. R. and a New Charter in New York City".

The dinner will be held as usual in connection with the National Conference on Government of the National Municipal League. The place this year will be the Hotel Biltmore, Providence, Rhode Island, and the time 7 P. M., November 25. Reservations may be made through the National Municipal League, 309 East 34th Street, New York City.

The addresses will be preceded by the annual meeting of the Proportional Representation League, Inc., now operating in conjunction with the National Municipal League, which will require but a few minutes. All are welcome to attend.

*

The Alberta Landslide.—Quite aside from the interesting social theories of the new government, few elections have been more significant or pointed a clearer moral than the recent landslide in Alberta.

The province of Alberta elects members to its single-house legislature by two different methods. In the cities of Edmonton and Calgary it uses the fairest system known, the Hare system of proportional representation. In the rest of the province, largely rural, it uses the corresponding system of majority preferential voting, generally known as the "alternative vote", in single-member districts. Although the alternative vote makes certain of a true majority result in each district, it makes no provision for the representation of minorities.

This difference in method has been the subject of legitimate protest ever since the present methods were put into effect by the United Farmers of Alberta back in 1924. Conservatives and Liberals objected that it was unfair for the Farmers' government to give representation to the Labor minority allied with it in the cities and at the same time deny representation to the old-party minorities in the country. Many of the more idealistic U. F. A. members thoroughly agreed with this view and one U. F. A. convention went so fas as to request the government to explore the possibility of extending P. R. to the whole province. But the "practical" political leaders of the Farmers' party always laid great stress on the difficulties of enlarging the country districts so as to elect several members each and the desirability of keeping the representative in close touch with his electorate.

Persons thoroughly familiar with the province claimed that by keeping in mind the location of railroads and highways it would be easy to map large P. R. districts which could be covered more easily than many of the existing districts, but the U. F. A. government remained unconvinced. In the light of what has just happened as a result of keeping the small districts one wonders whether the supposed disadvantages of the large districts now look so important.

In the election of August 22 the United Farmers of Alberta, which had governed the province with substantial majorities for fourteen years, elected not a single member of the legislature. They polled roughly 16 per cent of the votes in forty-five strictly rural districts and under P. R. would have elected six or seven members from that part of the province at least. But since they had not retained a majority in any single district, even the best of majority systems gave them no representation.

According to newspaper reports the new Social Credit government polled about 55 per cent of the votes in the province and elected 89 per cent of the members, fifty-six out of sixty-three. As the Calgary *Herald* remarked editorially, "No party, new or old, requires such a top-heavy majority in the legislature to carry out its policies as has been given to the Social Credit party. A strong opposition is one of the best assurances of careful and beneficial legislation."

The opposition consists apparently of five Liberals and two Conservatives. Most of these were elected in Calgary and Edmonton, where P. R. assured due representation to all large groups.

The new majority consists entirely of new and untrained men. And these new men, some of whom might perhaps have gained previous experience themselves as minority members had P. R. been in effect throughout the province, will be deprived entirely of the benefit of constructive criticism from those who have had the experience of governing for fourteen years.

Will Premier Aberhard and his government make sure that this sort of thing does not happen again by extending P. R. to the whole province? Or will they, as so many have done before, feel confident of retaining their exaggerated power until it is too late.

*

Cuyahoga County, Ohio, to Vote on a P. R. Charter.—The first county in the United States to have a chance to adopt proportional representation will be the county containing the largest city in the United States which has so far used it. The county is Cuyahoga and the city Cleveland.

The official charter commission of Cuyahoga

County has now definitely submitted its charter and that charter is based, as forecast in this department for January 1935, on the county manager plan with a county council of nine elected at large by proportional representation. Eight members are to be elected together by P. R. and the president of the council separately by the corresponding Hare system of majority preferential voting (the "alternative vote"). The charter will be voted on at the regular election on November 5. A more comprehensive discussion of its provisions will be found in Mr. R. C. Atkinson's article, "Four County Charter Proposals in Ohio", on page 512.

In addition to the usual advantages applicable to cities, P. R. offers special advantages in connection with county government. Most populous counties, like Cuyahoga, contain both city and rural areas with divergent interests, and nearly all counties contain numerous municipalities, jealous of their rights, which could not be given separate representation on a county council without making its size unwieldy. Any districting is of necessity arbitrary and has all the disadvantages of the ward plan, yet election at large under ordinary methods might exclude large parts of the county from satisfactory representation. P. R. makes it possible to get all the advantages of election at large without the danger of a monopoly by any part of the territory and with the certainty that practically all voters will be represented.

This completeness of representation under P. R. was amply demonstrated by Cleveland's five P. R. elections,[1] the results of which contrast significantly with those of the ward plan used before and after. Here are the figures:

CLEVELAND CITY COUNCIL ELECTIONS

	Number of Valid Votes Cast for Council	Number Which Helped Elect Councilmen	Percentage Effective
Ward plan with defective preferential voting			
1917	91,556	42,460	46%
1919	97,823	51,719	53%
1921	130,207	60,307	46%
Proportional representation			
1923	105,846	85,639	81%
1925	99,649	81,373	82%
1927	146,813	117,922	80%
1929	123,453	96,275	78%
1931	155,942	120,289	77%
Ward plan with elimination primary			
1933	252,648	149,655	59%

[1]Cleveland's P. R. elections, unfortunately, were not held at large. The completeness of representation would have been even greater if they had been.

If the numbers who saw their very first choices elected are compared, the advantage is still emphatically on the side of P. R. In the table below the figures for the last election are for the nonpartisan elimination primaries, when the voters had an unrestricted choice of all the candidates corresponding to the first choice under P. R. They show what percentage of those who voted in the primaries saw their candidates elected in the final election.

CLEVELAND CITY COUNCIL ELECTIONS

	Number of Valid Votes Cast for Council	Number Who Saw First Choice Elected	Percentage Who Saw First Choice Elected
Ward plan with defective preferential voting			
1917	91,556	38,141	42%
1919	97,823	49,021	50%
1921	130,207	54,718	42%
Proportional representation			
1923	105,846	61,301	58%
1925	99,649	58,621	59%
1927	146,813	99,775	68%
1929	123,453	68,890	56%
1931	155,942	80,424	52%
Ward plan with elimination primary			
1933	202,540	75,258	37%

Unlike the city of Cleveland, Cuyahoga County already elects at large. The tables above make it clear that P. R. will make it possible to keep the advantages of county-wide elections and at the same time get a completeness of representation which no district plan could offer.

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This Fall's P. R. Elections.—On November 5 four American cities will elect city councilmen by proportional representation. Toledo will do so for the first time, Hamilton, Ohio, for the fifth time, Cincinnati for the sixth, and Boulder, Colorado, for the tenth.

In Toledo the City Manager League, taking a leaf from the book of the Cincinnati City Charter Committee, is running a full high-grade independent ticket of nine in opposition to the nominees of political groups. Partly because there was no early limit placed on the time within which nominating petitions might be circulated, no less than sixty-six candidates are in the field. Beyond making it slightly less easy for the voters to locate their favorites, this should have no ill effects. It will not slow up the count very much, for under the Toledo P. R. rules all who fail to

poll as many as five hundred votes are to be defeated at one time and their ballots transferred to the voters' next choices as one operation. The recent experience of Wheeling with nearly twice as many candidates proves that under P. R. a large number of contestants does not cut down noticeably the number who help elect candidates for whom they vote.

In Cincinnati the independent City Charter Committee, having won five successive P. R. elections and established a phenomenal record of decreasing taxes with increasing services, is presenting a strong ticket again with four of its present five councilmen seeking re-election. The Republican organization, which has four of the present nine councilmen, is also presenting a ticket. Foremost among the unattached independents is Rev. Herbert Bigelow, widely known as a crusader for social justice.

In Hamilton the Charter group, which elected four out of seven at the first P. R. election and five ever since, is presenting once again a representative slate of high-grade citizens who have never been identified with politics of the old school.

GOVERNMENTAL RESEARCH ASSOCIATION NOTES

Edited by Robert M. Paige

Bureau of Governmental Research of the Indianapolis Chamber of Commerce.—The Bureau of Governmental Research is the successor to the Department of Civic Affairs, maintained by the Indianapolis Chamber of Commerce for many years. The Bureau has just completed its first year of activity. One of the first reports published by the new Bureau dealt with the police and fire pension funds of the city. The Bureau pointed out that contributions to these pension funds by members of the police and fire departments and by the city are not based on actuarial calculations, that the reserves are being depleted, and that the police and fire funds contain only a very small fraction of amounts which they should contain to be actuarially sound. To correct this situation the Bureau recommended that a new pension system be devised to cover both firemen and policemen, that the contribution of members be substantially greater than at present, and that members' contributions be based upon their age at the time of joining the force and the amount of their salary. The Bureau assisted in the drafting of legislation making these and other needed changes in the present pension laws and this legislation, substantially as drafted by the Bureau, was submitted to the 1935 session of the Indiana legislature. Because of the interest of other cities of the state, however, the legislature decided to create a study commission to draft a bill applicable to all cities. This commission will report in 1937. It is interesting to note that the survey of the city government made by the New York Bureau of Municipal Research in 1917, pointed out the unsoundness of the old pension system, but no effort was made by the city to remedy the situation.

The Bureau has devoted a great deal of time to a study of needed changes in the police department. Early in the spring a group of policemen and the director of the Bureau spent several days in Milwaukee, intensively studying police practices in that city. The Bureau issued a few months ago a brief memorandum summarizing the methods and procedures of the Milwaukee department which might profitably be adopted in Indianapolis, and attempting to explain the major causes for the fine record of the Milwaukee police.

During May, in coöperation with the Public Service Institute of Purdue University, the Bureau conducted a four-day training school for police officers from throughout the state of Indiana. More than seven hundred men attended this short course, which was extremely well received.

The Bureau has also investigated the operation of merit and service record systems in large city police departments and after recommending that Indianapolis adopt the Probst rating system, is assisting the police department and the reorganized state police force in the installation of this system.

Two reports have been made by the Bureau this year for the Indianapolis Sanitary District. The first was a report on sewage treatment and garbage disposal; the second dealt with garbage and ash collection. The studies have been particularly valuable at this time as the 1935 state legislature provided for the abolition of the independent Board of Sanitary Commissioners, and the assumption of the duties of this board by the

Board of Public Works and Sanitation, appointed by the mayor. The Bureau points out that the sanitary district has in the past administered its duties with a high degree of efficiency and with a remarkably high degree of satisfaction to householders. A study of the costs of ash and garbage collection in other cities comparable in size also reveals that costs have been extremely low in Indianapolis. The Bureau expresses the hope that the new set-up will not result in a lowered efficiency or morale in the sanitary district's staff.

Other reports issued this year by the Bureau have dealt with "Bonded Debt Burden on Indianapolis Property" and the problem, "Shall the City of Indianapolis Establish a Central Storeroom?" This question was answered in the negative for a large storeroom, but the Bureau did advocate the setting up of a small storeroom for a few common articles. "Administration of Old Age Pensions in Marion County," "Mothers' Aid in Marion County," "Distribution of Gross Income Tax Receipts Among Local Units of Government" are other studies which have been made by the Bureau during its first year. Virgil Sheppard, formerly of Toledo, is serving as the director of the Bureau, William H. Book, the director of the old Civic Affairs Department being now the executive vice president of the Indianapolis Chamber of Commerce.

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Tennessee Taxpayers Association.—The 1935 Tennessee legislature adopted a joint resolution requesting the governor to employ auditors and investigators and to have a survey and audit made of various state departments in an effort to discover any irregularities or inefficiencies which might exist. The governor requested the supervision of the Tennessee Taxpayers Association in the execution of these tasks. Accordingly, the Tennessee Taxpayers Association appointed a special advisory "Committee on State Audit" to aid the executive secretary and arranged for securing the expert services of Griffenhagen & Associates, consultants in public administration and finance, and of George G. Scott & Company, certified public accountants.

Griffenhagen & Associates submitted a report on the organization and personnel practices of all of the principal departments, agencies, and institutions of the state. This high-spot picture of existing conditions revealed many opportunities for securing greater economy and efficiency in the conduct of the state's business. The reorganization recommended in 1923 by the New York Bureau of Municipal Research has been only partially carried out. There are at present sixty-three state administrative agencies independent of each other and of any other authority below the governor, and many not even responsible to the chief executive. All of the bad results to be expected from a loosely knit organization of this kind were observed in the Tennessee government. Furthermore, reorganization of some of the larger of these sixty-three units is also clearly needed. Personnel administration in the state is also unsatisfactory, the state lacking even a basic classification of positions. The application of the recommendations made in this report would save the state approximately $500,000 a year.

George G. Scott & Company has submitted a summary audit of the accounts for the past two fiscal years, revealing for the first time the actual size of the state deficit and the rate at which expenditures have been exceeding revenues. The Scott Company also submitted a detailed report recommending many changes in the administrative organization and routines in the state's Department of Finance and Taxation.

The Tennessee Taxpayers Association provided supervisory and research services in connection with these surveys without cost to the state. A state appropriation of $10,000 administered by the Association, was devoted almost entirely to the securing of services of the consultants mentioned above. In the installation of the reforms and recommendations produced by these surveys the Association has pledged its willingness to coöperate with the governor and the legislature in every possible way.

While the Association was engaged in supervising the audit and the efficiency surveys of the state, performed in the main by outside accountants and consultants, the Association offered the services of one of its own research accountants to Governor McAlister to aid him in developing a detailed financial program to be presented by the Governor to the special session of the general assembly, and in preparing the detailed schedules of operating expenditures required for the enactment

of a proper biennial appropriation bill. The resulting appropriation bill enacted at the end of the recent special session assures a continuation of most of the large reductions in the cost of government originally provided through the 1933 appropriation act. Net reductions of $5,393,000 per year below the operating costs for the period ending on June 30, 1932, are assured in the new bill which covers expenditures for two years from July 1, 1935.

The Taxpayers Association takes no part whatever in any question involving the production of additional revenues. It has pointed out however that a reorganization of the tax enforcement machinery of the state, the creation of a director of the budget, and a reorganization of the unit performing audits of state and county offices would increase the yield of existing tax laws by $3,000,000 per year and produce savings of about $500,000 a year through more effective control over expenditures. The Association believes that the state should secure a uniform and impartial observance of present tax laws before resorting to new taxes.

Revision of the State Constitution

Governor McAlister, in his second campaign for the governorship, as well as the Tennessee Taxpayers Association, substantially promoted the movement for revising the state constitution, now sixty-five years old and not amended since it was adopted as a temporary expedient during reconstruction days five years after the close of the Civil War. The regular session of the sixty-ninth general assembly, at the Governor's request, authorized an election to be held on October 10, 1935, in order that the citizens might determine whether a constitutional convention should assemble and draft a revision of the state's basic law. When that enactment was made in January, it was believed that placing the date as far away as October 10 would give adequate time for the necessary educational work to be done. But a second session of the legislature was found imperative to enact the biennial appropriation bill and other fiscal legislation, and with audits and efficiency surveys consuming all the time of most of the actively interested parties between the two sessions of the 1935 legislature, it was found that on August 1 almost no work whatever of an educational nature along this line had been done and that the question, if allowed to go to an election before a proper amount of educational work was carried on, would necessarily meet with a serious defeat, estimated at five to one.

In order to save the $50,000 to $75,000 estimated cost of conducting the election, which would fall upon the various counties of the state, the Tennessee Taxpayers Association, after extended conferences with governmental administrators and legislators, with business leaders, with members of the bar, representatives of the press, etc., determined to sponsor a movement seeking to have the election deferred and a new approach made to the whole problem.

Governor McAlister, recognizing both that the revision movement had not yet been sufficiently publicized to win the necessary support, and the futility of expending in this year around $75,000 in a negative referendum election, ultimately gave his approval to the resolution thereafter adopted at the special session of the general assembly, which suspended its earlier enactment requiring an election to be held.

It has since been found that the constitution, under existing law, can be revised by amendment without the necessity for placing the broad sweep of the entire matter of revision before a constitutional convention. A movement by the Taxpayers Association is now under way for the creation of a committee of representative business and professional men and women to draft a proper amendment and to lead a campaign for its adoption. By proceeding along this line it is believed the amendment of the provisions now standing in greatest need of change can be effected. On the other hand, it appeared doubtful whether, in view of all the elements of unrest and uncertainty abroad in the land, the voters of Tennessee could have been persuaded to authorize a complete rewriting of the organic law of the state.

Statewide Survey of Local Government

The Tennessee Association is now about to complete arrangements with the investment bankers of Tennessee under which the Association expects to use four groups of field accountants for the next eight months in assembling fundamental data respecting the income, expenditures, indebtedness, sinking funds, etc., of each of Tennessee's 95 coun-

ties and of each of the 145 municipalities that have bond issues outstanding.

The staff of the Association is now engaged in completing the analysis of income and expenditures, indebtedness, etc., of the state government, representing its fourth such annual survey. Comprehensive reports covering all studies of state and local government are mimeographed and bound and given wide distribution.

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Pennsylvania Economic Council.—The Council, a non-profit corporation organized for research into the cost of state and local government in Pennsylvania, has been carrying on an extensive program since early in 1934.

The routine phase of the Council's work involves the collection of the annual financial data from Pennsylvania's counties, cities, boroughs, and townships, and the careful analysis of the data from each unit according to the Council's uniform financial schedules. Thus the fiscal transactions of these units are now available on a comparable basis.

Being an unofficial organization, the Council must depend for its data and effectiveness in obtaining efficiency and economy in government on the voluntary coöperation of public officers. This coöperation has been such, however, that virtually all of the larger communities (66 counties, 45 cities, 146 boroughs, and 123 townships—380 units) have been analyzed for the fiscal year 1933, along with more than 350 other units (boroughs and townships of less than five thousand population). Similarly, the program for the collection of 1934 financial data is about three-fourths completed. Small units are analyzed in so far as reports are readily available, but there are many where the expense of field calls and transcribing data would be prohibitive.

Because of a notable lack of uniformity and adequacy in the accounting and reporting practices of the various units of local government in Pennsylvania, cost comparisons have not been practicable in the past. Recently enacted legislation, however, will require all cities and counties and will permit boroughs to adopt a uniform budgetary procedure, to employ standard budget forms, and to submit annual reports according to a prescribed form. A member of the Council's staff has been loaned to the Department of Internal Affairs to assist in carrying out the provisions of this law.

The financial schedules now prepared by the Council for each governmental unit are distributed in mimeographed form. The complete schedules include from 264 to 271 items; the summaries from 42 to 45 items. These schedules are so arranged that the data for a group of local units may readily be assembled in parallel columns for direct comparison.

During the past year a number of special studies have been made and published in mimeographed form, these including "Financial Analysis of Four Boroughs in the Anthracite Coal Region of Pennsylvania," "Emergency Relief and a Special Session," "Township Government in a Pennsylvania County," "Borough Finances in Chester County, Pennsylvania," "Sources of Taxation for Local Governments in Pennsylvania," "The Legal Functions of Local Governments in Pennsylvania," "Finances of Third-Class Cities of Pennsylvania—1933," "Finances of Pennsylvania Counties—1933," "Cost of Rural Highways in Pennsylvania—1923 to 1932." Numerous special studies of various phases of the fiscal affairs of Pennsylvania's counties, cities, boroughs, and townships have been made and are in progress. The results of these studies are summarized and released by the Council from time to time.

An outstanding feature of the Council's activities has been the semi-monthly publication of its *Bulletin,* a mimeographed periodical of about five pages chiefly devoted to the presentation of summaries of its tabulations for comparable governmental units. Beginning in July of this year, the *Bulletin* has been issued in separate county and municipal editions, and a school edition is contemplated for the near future. A special effort has been made to present data of interest to public officials and in a form readily comprehended. This has called for a notable use of graphical presentation.

The Council is coöperating actively with the joint legislative committee created by an act of the last general assembly for the broad state-wide study of Pennsylvania's system of public schools from the standpoint of costs and possible economies.

Citizens' League on Government and Taxation of Santa Clara County (San Jose, Calif.).—Following an unsuccessful county manager charter campaign two years ago, the League became dormant until reorganized early this year as a research bureau with J. H. Jamison, formerly a member of the staff of the California State Department of Finance, and before that assistant to City Manager John Edy of Berkeley, California, as director.

During the past five months the League has been exceptionally active, with two principal objectives: First, to make a complete survey of county government; and second, to show the officials where savings could be made or efficiency increased. Perhaps the most significant accomplishment of the League has been to secure the publication of the proposed 1935-36 budget in detail, as required by law. Heretofore only summaries were published, with the result that the taxpayer had no detailed information as to how and where his money was spent. Last year but twenty copies were requested by taxpayers. This year, because of increased interest, the first printing of five hundred copies was exhausted within three days.

With proposed expenditures 18 per cent greater than the last fiscal year and a proposed tax levy which would increase tax payments 11 per cent, the Citizens' League submitted a list of recommended reductions in the proposed expenditures, none of which would injure any essential service, in the amount of $260,000. If adopted, they would have reduced the proposed tax rate from $1.15 to 96c. The recommendations are now being considered by the board of supervisors.

Other recommendations made to the board have been:

(1) That private hospital facilities be used instead of constructing a $300,000 wing to the county hospital. (County had applied to PWA for a $300,000 loan.)

(2) That gasoline tax money be allocated on the basis of mileage and highway needs, rather than on the basis of assessed valuation of each supervisory district. (Disregarded by board.)

(3) That highway maintenance and construction be centralized in the office of the county surveyor. This would eliminate the necessity of five sets of road equipment, which are now required under the present system of permitting each supervisor to maintain and construct highways in his district. It would also enable the county to establish standards of maintenance and construction, and to maintain proper cost accounting records, none of which are now kept. (Disregarded by board.)

(4) That the purchasing agent be required to purchase on the basis of price, quality, and service, regardless of the bidders' political affiliation.

(5) That the chicken farm operated at the county almshouse at a net loss of nearly $20,000 in five years be eliminated. (Head poultry man has been dismissed.)

(6) That proper cost and production records be installed at the county almshouse in connection with the farm, dairy, and hog raising. (This is being done.)

(7) That no person be admitted to the county almshouse without the certification of the social service division of the county charities department. At present only a card of admission from a supervisor is required, with the result that about 50 per cent of the 220 inmates are not legal charges of the county. (Under advisement.)

(8) That the board of supervisors appropriate sufficient money for a complete audit of county books, which the county has not had since 1930. (This has been done.)

Bureau for Street Traffic Research of Harvard University.—The Bureau was organized over ten years ago to study the causes of traffic accidents and congestion, and to train men for public service in the field of traffic engineering. It has the backing and support of such organizations as the Automobile Manufacturers Association. Its activities include the awarding of two fellowships a year to attract men of high calibre to this field; the training of graduate and other students through conferences and courses; the maintaining of a clearing house for modern methods for the relief of accidents and congestion; the conduct of actual research work in the field, including the gathering and analysis of traffic facts; coöperative work with public officials; the maintenance of a comprehensive library of traffic data; the publication of articles and special reports on modern methods and new developments in the field of traffic control; active participation on national committees

through such organizations as the Society of Automotive Engineers, National Safety Council, International Association of Chiefs of Police, and American Standards Association; and the making of comprehensive traffic surveys for states and cities.

The two Bureau fellowships for the school year 1935-36 have been awarded, one through the Graduate School of City Planning and the other through the Graduate School of Engineering, in order to carry out the plan of complete coördination with Harvard University. It is hoped that these men will receive intensive training in the University for the first year, be placed in an operating position in the traffic division of some state or city for the second year, and return for final training during the third year.

The Bureau is now preparing a book of approximately four hundred pages on traffic control. This is to be published by McGraw-Hill, the publishers (in 1925) of "Street Traffic Control," by Miller McClintock, director of the Bureau, and still the standard textbook on this subject. "Traffic Control" will be the successor to this publication and will fill a genuine need as there is no adequate textbook for students of traffic problems at the present time. Its scope will be very broad, including administration, education, engineering, and enforcement. Both urban and rural problems are to be covered. In addition to setting forth the principles which govern the safe and expeditious flow of traffic, the book will include actual survey, analytical, and operating methods which have an immediate application in all states and cities. It is anticipated that the book will be ready for release in the late fall.

Numerous research studies are now under way in such problems as methods for accurately forecasting traffic volume and character, the social and economic effects of compulsory automobile liability insurance, and the economic relationship between trade activities and traffic movement in American cities.

The Bureau is primarily interested in the practical application of the scientific methods which can be developed. Most of its men have held or are now holding public offices in the field of traffic. The surveys which it has conducted in such cities as Los Angeles, San Francisco, Chicago, Kansas City, Boston, Providence, Washington, and the state of Massachusetts have frequently led to the establishment of new positions to be filled by men especially trained to deal with the specific subject of traffic control.

MAXWELL HALSEY, Assistant Director

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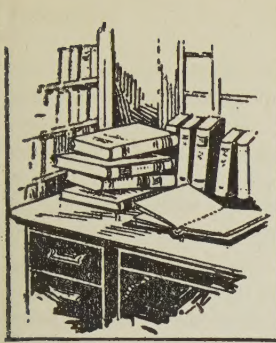
Municipal Reference Bureau of Cincinnati.—During the present year the Bureau has prepared, at the request of city departments, a report of the legislation in some typical cities on "Prohibition of Sale and Discharge of Fireworks," and another on "License Rates" in various cities. A twenty-two page bibliography of books and pamphlets in the files of the Bureau on the subject of "Sewage Treatment and Disposal" was prepared for the use of interested city officials.

In reply to out-of-the-city requests, mainly, another bibliography was prepared on "Cincinnati's Government." This consists of a list of books, pamphlets, reports, and magazine articles which have appeared on the subject.

A study has been going on for some time covering the growth of activities in the city of Cincinnati, similar to the one published some time ago by the Detroit Bureau of Governmental Research. This study has now reached the point where a plan must be worked out for condensing it in such a manner that it will be available for general use.

The Bureau has made arrangements to prepare brief articles at frequent intervals on various phases of city government for *The City Bulletin,* official publication of the city of Cincinnati. The *Bulletin* is widely read by city employees, besides being sent to cities in most of the forty-eight states and to a number of foreign countries.

Plans are being developed, in coöperation with the Public Service Training School of the University of Cincinnati, for a group of ten courses for city and county employees. The idea is to give some of the courses in city hall and others in the court house, and have the instruction in each course divided between a member of the university faculty and a public official who is dealing with the day-to-day problems in the particular field. After considerable investigation of other plans it was decided to include fifteen lectures in each of the courses, with one session a week in each course, and to hold classes from 4:45 to 6:00 p. m.



RECENT BOOKS REVIEWED

EDITED BY GENEVA SEYBOLD

The Constitution in School and College. By H. Arnold Bennett. New York, G. P. Putnam's Sons, 1935. 315 pp. $3.50.

In the nation-wide contests, in the thousands of essays written annually by high school students and orations given by college students, are reiterated phrases, sentences, paragraphs glorifying the constitution as it was framed, holding it as an inspired and precious heritage to be guarded from the impious change of a semi-colon. Not only are such principles as the federal system, republican government, and judicial supremacy upheld but also such debatable principles as separation of powers and checks and balances.

As a scholar and teacher, Dr. Bennett challenges the teaching that results in this attitude. The constitution should be taught, he maintains, as an institution in process of growth or development. The reasons for its provisions should be analyzed, the men who wrote it and the circumstances under which they wrote it studied as part of this analysis.

Forty-three states have attempted to elevate the constitution to an important place in the educational curricula by passing laws making its teaching compulsory; in only a few states has this proved successful. Dr. Bennett believes that the important thing is to reach the classroom teacher and students in normal training schools, to develop in them a new attitude toward the constitution. Having found the present method of teaching the constitution inadequate, Dr. Bennett outlines a new technique of teaching both the constitutional convention of 1787 and the constitution.

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What the Depression Has Done to Cities. Edited by Clarence E. Ridley and Orin F. Nolting. Chicago, International City Managers' Association, 1935. 55 pp. $1.00.

Those who have read from month to month in *Public Management* during the last year articles describing the effects of pinched budgets upon local governmental services, each prepared by an authority in the functional field of which he wrote, will appreciate the compilation of these articles into a compact volume. It serves not only as a valuable record of the effects of a trying period but provides a map of present conditions which may be used as the starting point for remedial and progressive measures.

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Federal Power Commission, Electric Rate Survey, Preliminary Report, Domestic and Residential Rates in Effect January 1, 1935, Cities of 50,000 Population and Over. Apply Federal Power Commission, Washington, D. C.

When Congress, in 1934, authorized and directed the Federal Power Commission "to investigate and compile the rate charged for electric energy and its service to residential, rural, commercial, and industrial consumers throughout the United States by private and municipal corporations and to report such rates, together with an analysis thereof . . .," it not only provided the means of extricating some much needed facts on the utility business from confusing obscurity, but laid an important part of the groundwork both for securing a better deal for the consumer and for developing more fully the potentialities of the electrical industry. For the first time it will be known comprehensively and without any attempt at misrepresentation what people in various parts of the country pay for this standard commodity.

The Preliminary Report, prepared under the direction of Dr. William E. Mosher, director of the survey, while it covers only a limited portion of the complete undertaking, sets forth a huge volume of rather amazing facts which neither municipal and private utilities nor consumers of electricity can afford to overlook. It deals exclusively with residential rates in the 191 cities of over 50,000 population, a subject which might be expected to reflect a fair degree of simplicity and uniformity but runs to the contrary extreme.

Because of a multiplicity of rate structures which defies comparison, the data are presented in the form of monthly charges for representative consumption ranging from minimum use to the requirement of an "electrified" home. The findings, presented graphically by the liberal use of charts, are thus entirely intelligible even to the layman whose only contact with the subject is the amount of his lighting bill. The most extraordinary feature of the facts presented is "the wide divergencies in the rates charged for electric service in communities similarly situated and possessing the same general characteristics." When, for example, Cleveland, Ohio, consumers pay $1.31 for 40 kwh. and residents of Newark, N. J., are charged $3.20 for the same amount, or the customers of the Tacoma municipal plant get 500 kwh. for $6.40 while in Yonkers, N. Y., the bill is $28.35, there is clearly much scope for questioning high rate areas, both by consumers and public service commissioners and by utilities which through unprogressive rate schedules are failing to attain full realization of business opportunities.

FREDERICK L. BIRD

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Negro Politicians. By Harold F. Gosnell. Chicago, University of Chicago Press, 1935. 404 pp. $3.50.

With the "Black Belt" of Chicago as the spot-lighted area but the whole of the United States as the complete canvas, Mr. Gosnell has portrayed the slow rise of "the man farthest down" to a place where through political methods he has learned to advance himself as an individual and in so doing enhance the prestige of his entire race. Politics is defined as including voting, campaigning, bargaining for jobs and special favors, and office-holding.

Among the most interesting material are sketches of outstanding negro political leaders such as Edward H. Wright, the first colored ward Committeeman, and Oscar de Priest, born a fighter, who survived a crash of political fortunes when indicted while an alderman to become later the first colored congressman.

Studies of negroes in the Chicago police and fire departments, in the schools and in postal service show how they have fitted themselves into positions of public service. Mr. Gosnell, who is an associate professor at the University of Chicago, obtained the larger part of his material through direct interviews and questionnaires. His book provides a formerly missing link in the story of political development of this country.

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Rehousing Urban America. By Henry Wright. New York City, Columbia University Press, 1935. 173 pp. $7.50.

Now is the time for architects with vision to come to the aid of those who must soon provide new housing for America. A third of urban residents and most of those who live in the country, Mr. Wright points out, live in dwellings from fifty to seventy-five years old. These must soon be replaced and in doing so we should take advantage of plans for dwellings fitting themselves "into a well defined pattern of community life" and offering "a much wider range of services and social activities than the traditional home of the past."

The rebuilt urban community, as visualized by Mr. Wright, will be compact rather than the sprawling suburban expansion of recent decades. Efficiency will be a requisite and buildings must be designed that will be economical to erect and to maintain.

Since by far the largest body of city dwellers now live in small multi-family dwellings, rather than the single family type, it is fair to place emphasis on their problems. Mr. Wright describes the various alternatives with special attention given to group housing and the apartment dwelling. His suggestions are practical—floor plans are given, methods of construction described and costs estimated. From his years of experience in this country and his study of housing abroad, he has provided in this "manual of good housing prac-

tice" a happy combination of theory and technique.

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Analysis of Securities of Port of New York Authority. Prepared by Fiduciary Counsel, Inc. New York City. 68 pp.

This report presents the history, financial organization, and contemplated changes in the financial organization of the special authority created to simplify the movement of freight in the New York metropolitan area. The operations of the Holland Tunnel, George Washington Bridge, and each of the other projects of the Authority are analyzed in detail, chiefly for the benefit of bondholders.

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The Liberal Tradition. By Lewis W. Douglas. New York, Van Nostrand, 1935. 135 pp. $1.50.

This very intelligent criticism of the New Deal offers no remedy except to leave things alone. Mr. Douglas, former director of the Bureau of the Budget, does say that we should lower the tariff, pointing out how it has interfered with our foreign trade and led to price fixing and interference in the business of government. He illustrates a long train of evils brought about by the practice of the New Deal by difficulties in the cotton situation.

If Mr. Douglas would study theories advanced by Ricardo and others during past depressions, he might furnish us with a remedy instead of merely criticizing the administration. Ricardo has demonstrated that we cannot do business without first acquiring locations and if government does not collect the surplus of production which arises in strategic locations, then business gradually fails because it lacks access to these places.

Lowering the tariff as Mr. Douglas suggests, even if business expansion resulted, would merely lead to speculation in the better locations. People have to put so much money in renting or purchasing places to do business that little is left for enterprises. Too, owners of these locations, as they raise their rentals, accumulate large amounts of money which they do not know how to invest, which in turn checks business.

It is true that if countries would lower their economic barriers, we would begin to have prosperity but Mr. Douglas' argument is weakened by the reader's doubt of the permanence of this prosperity. And with reason, since land values would increase in proportion to the expansion of business, another speculative boom would start, banks would get loaded up with mortgages and then as the toll charged by speculators would increase and be prohibitive, business would shut down and we would have another collapse.

WILLIAM N. MCNAIR
Mayor of Pittsburgh

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Marketing Municipal Bonds. Prepared and issued by the Municipal Finance Officers' Association. Chicago, 1935. 8 pp. Twenty cents.

Practical suggestions to be followed by a municipality that wants to get the best price possible for its bonds.

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Better Government Personnel. Report of the Commission of Inquiry on Public Service Personnel. New York, McGraw-Hill Book Company, 1935. 86 pp. Twenty-five cents.

The wide popular response to this report of the Commission of Inquiry on Public Service Personnel, published early this year, which diagnosed the reasons for the type of government personnel we now have in the United States and pointed the way to improvement, has been amazing. For once, public indifference has been aroused—the beginning of the end of the spoils and eleemosynary systems as related to public service may well date from the day that this report was released.

For use of civic organizations, student groups, and the press, both in this country and abroad, a civic edition at low cost has been prepared. It contains the full text of the Report of the Commission but does not contain the statistical and legal appendix found in the regular edition.

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The Public Defender and Private Defense Attorneys. By Ronald H. Beattie. Berkeley, University of California, Bureau of Public Administration, 1935. 34 pp. Twenty-five cents.

The office of public defender was tried out for the first time in this country in California where it came into existence with the adoption of a Los Angeles County charter in 1913. The success of this experiment led to the en-

actment of a state law eight years later allowing the office of public defender to be established by county ordinance in the more populous counties and later legislation permitted the establishment of the office in every county in the state.

Elsewhere in the country the public-defender system has spread very slowly, meeting with effective opposition from criminal lawyers, and very little has been done to evaluate the work of public defenders compared with private attorneys. To reach such an evaluation is the purpose of Mr. Beattie's study in which from an examination of the record of every felony case disposed of in the Alameda County Superior Court during 1932-1933, he has analyzed in detail those handled by the public defender and those cases defended by privately employed attorneys.

The public defender handled proportionately more cases of burglary, forgery and narcotics while the private attorneys handled proportionately more cases of homicide, assault, sex and traffic felonies. Approximately 56 per cent of the public defender cases resulted in a plea of guilty on arraignment with an additional 15 per cent finally pleading guilty. Of the public defender cases 92 per cent resulted in conviction as contrasted to 77 per cent of the private attorney cases. Of the cases which were actually contested and did not plead guilty, 73 per cent of the public defender cases were convicted and 57 per cent of the private attorney cases. In nearly every step of the prosecution process and in almost every type of disposition, the time taken to dispose of the cases handled by the public defender was markedly less than the time taken by private attorneys. These are a few of the conclusions which led the author to the general one that in Alameda County, at least, the system has proved successful.

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Public Finance. By Clyde L. King. New York, The Macmillan Company, 1935. 602 pp. $3.75.

It is probable that within the last five years the average citizen has read in his daily newspaper more regarding public finance than in the whole previous period of his lifetime. With governmental borrowing and spending at a peak and the necessity for moulding a public opinion in favor of it as a policy, public finance has filled both news and editorial columns.

While a certain understanding comes with the following of current events, most readers would profit from a groundwork study of the philosophy behind governmental expenditures, the purposes served by them, and a comprehensive view of the sources of public income. Dr. King's book serves this end. The fact that it was written primarily as a text will not lessen its interest for the general reader but will assure him of an orderly and thorough presentation of subject matter.

Having been secretary of the commonwealth of Pennsylvania and budget officer, and also secretary of revenue of the State, Dr. King has a practical viewpoint that intensifies the usefulness of his book. His illustrative material is especially interesting. As professor of political science of the University of Pennsylvania, he has had long experience in the teaching of public finance.

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Public Passenger Carriers in New Hampshire. A report to the State Planning and Development Commission of New Hampshire. Concord, 1935. 38 pp. Apply to the Commission.

This is the first of a series of studies which when completed will give a picture of the nature and adequacy of passenger transportation facilities in New Hampshire, an estimate of the probable future transport requirements and the possibilities for improving and coördinating passenger service. Railroads, electric railways, motor buses, and taxicabs have been studied in the first part of the report recently completed. Emphasis has been placed upon methods of coördinating the various types of service and included are recommendations concerning public regulation.